

APR 7 1952

TORONTO STOCK EXCHANGE

LISTING STATEMENTINDUSTRIAL ACCEPTANCE CORPORATION
LIMITED

(An operating Company incorporated by Letters Patent under the Companies' Act (Canada) February 7th, 1925)

**5% CUMULATIVE REDEEMABLE CONVERTIBLE PREFERRED SHARES
OF \$40.00 PAR VALUE EACH**

Reference is made to the attached Prospectus dated February 18th, 1952, which is incorporated herein and made a part hereof.

CAPITALIZATION
(as at the date hereof)

	Authorized	Outstanding
Debentures		
4% Sinking Fund, due April 1, 1969	\$10,000,000	\$9,600,000
4% Sinking Fund, due March 1, 1970	2,500,000	2,400,000
Preferred Stock		
5% Cumulative Redeemable Shares \$100 par value	1,500,000	1,431,000
4 $\frac{1}{4}$ % Cumulative Redeemable Shares \$100 par value	1,500,000	1,446,000
5% Cumulative Redeemable Convertible Preferred Shares \$32 par value	1,920,000	1,432,864
5% Cumulative Redeemable Convertible Preferred Shares \$40 par value	3,000,000	3,000,000
Common Stock, no par value	500,000 shs.*	353,882 shs.

* Including 44,777 shares reserved for the conversion of the 5% Cumulative Redeemable Convertible Preferred shares \$32 par value; and 75,000 shares reserved for the conversion of 5% Cumulative Redeemable Convertible Preferred shares of \$40 par value.

February 14th, 1952.

INDUSTRIAL ACCEPTANCE CORPORATION LIMITED (hereinafter sometimes referred to as the "Company") hereby makes application for the listing on the Toronto Stock Exchange of:

75,000 5% cumulative redeemable convertible preferred shares of \$40.00 par value each, all of which are issued and outstanding in the hands of the public, are fully paid and non-assessable with no personal liability attached to the shareholders.

OPINION OF COUNSEL

The opinion of O'Brien, Stewart, Hall and Nolan, Montreal, filed in support of this application, states that by virtue of Supplementary Letters Patent, dated 16th of February, 1952, By-law "AA" of the Company providing for the creation of 75,000 5% cumulative convertible preferred shares of the par value of \$40.00 each was duly confirmed by the Secretary of State of Canada. In the opinion of counsel (1) The Company has authority to create and issue 75,000 5% Cumulative convertible preferred shares of the par value of \$40.00 each and that all necessary corporate steps and proceedings in connection with the said issue have been taken; (2) The form and terms of the said 5% cumulative convertible preferred shares are such that when issued they will be valid and effective in accordance with their terms; (3) All other legal details in any way connected with the authorization, creation and issue of the said 5% cumulative convertible preferred shares have been completed.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

LISTING ON STOCK EXCHANGES

The following securities of the Company are listed on the Toronto and Montreal Stock Exchanges:

15,000 5% cumulative preferred shares of \$100.00 par value each
15,000 4 $\frac{1}{4}$ % cumulative preferred shares of \$100.00 par value each
60,000 5% cumulative convertible preferred shares of \$32.00 par value each
75,000 cumulative redeemable convertible preferred shares of \$40.00 par value each
400,000 common shares without par value.

STATUS UNDER THE SECURITIES ACT (ONTARIO)

The attached Prospectus, and supporting documents, were filed with the Ontario Securities Commission on February 18th, 1952.

GENERAL INFORMATION

The head office of the Company is situated at 1141 Bay Street, Toronto, Ontario.

The Transfer Agent and Registrar in respect of all shares of all securities of the Company are: Montreal Trust Company, Toronto and Montreal and the Chartered Trust Company, Toronto and Montreal, respectively.

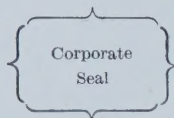
CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, the applicant Company hereby applies for listing of 75,000 5% cumulative convertible preferred shares of the par value of \$40.00 each on the Toronto Stock Exchange and the undersigned thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

INDUSTRIAL ACCEPTANCE CORPORATION LIMITED

"G. E. WEMP", Executive Vice-President

"K. J. DOIG", Secretary.



STATEMENT SHOWING NUMBER OF SHAREHOLDERS

as of March 19th, 1952

<i>Number</i>					<i>Shares</i>
387	Holders of	1 -	100 share lots.....		18,745
31	" "	101 -	200 "		4,805
13	" "	201 -	300 "		3,520
4	" "	301 -	400 "		1,500
5	" "	401 -	500 "		2,410
10	" "	501 -	1000 "		7,260
12	" "	1001 -	up "		36,760
461 Stockholders				Total shares ..	75,000

New Issue

75,000 Shares

Industrial Acceptance Corporation Limited

(Incorporated under the laws of Canada)

5% Cumulative Redeemable Convertible Preferred Stock

Par Value \$40 Per Share

These shares are convertible into common shares on a share-for-share basis, at the holders' option, at any time up to and including March 1, 1957. The shares are preferred as to capital and dividends subject to the prior preference of the existing \$2,877,000 of \$100 par value Preferred stock now outstanding and will rank pari-passu as to dividends and return of capital with the 5% Cumulative Redeemable Convertible Preferred shares par value \$32 per share issued February 14, 1950.

The above preferred shares (hereinafter referred to as the \$40 Convertible Preferred shares), when issued will be fully paid up and non-assessable; preferred as to capital and dividends, subject to the prior preference of the now outstanding 4¼% and 5% Preferred shares of \$100 par value; and will rank pari-passu as to dividends and return of capital with the 5% Cumulative Redeemable Convertible Preferred shares par value \$32 per share (hereinafter sometimes referred to as the \$32 Convertible Preferred shares) issued February 14, 1950; entitled to cumulative preferential dividends at the rate of 5% per annum (\$2.00 per annum) from the date of issue, payable quarterly by cheque at par at any branch of the Company's bankers in Canada (Far Northern branches excepted) with the initial dividend scheduled for payment June 30, 1952. These shares are redeemable at any time in whole, or in part, at the option of the Company on thirty days notice

at \$42.50 per share if redeemed on or before March 1, 1953;
at \$42.00 per share if redeemed thereafter and on or before March 1, 1954;
at \$41.50 per share if redeemed thereafter and on or before March 1, 1955;
at \$41.00 per share if redeemed thereafter and on or before March 1, 1956;
at \$40.50 per share if redeemed thereafter;

plus in each case accrued and unpaid dividends to the date of redemption. The Company may from time to time purchase for redemption \$40 Convertible Preferred shares in the open market at any price not exceeding the redemption price at the time of purchase plus accrued and unpaid dividends to the date of such purchase.

These shares are convertible into the Company's Common stock on a share-for-share basis at any time up to and including March 1, 1957, following which the right to convert will expire. Provision is made to adjust the conversion privilege in the event of dilution of the Common shares, as set out in the sub-joined Statutory Information.

A Preferred Stock Purchase Fund is to be provided as more fully described in the Preferred Shares provisions below mentioned.

The shares are non-voting unless six quarterly payments, not necessarily consecutive, are in arrears or unless default has been made in respect of the Preferred Stock Purchase Fund, following which each share will be entitled to one vote.

Further particular conditions relative to the Preferred shares are contained in sub-section 4 of Section D of the Preferred stock provisions, which are set out in the sub-joined Statutory Information, and are summarized generally in the letter from the President of the Company which follows.

Transfer Agent: Montreal Trust Company, Montreal and Toronto
Registrar: Chartered Trust Company, Montreal and Toronto

These shares will, in the opinion of counsel, be a legal investment for funds of insurance companies registered under the Canadian and British Insurance Companies Act, 1932, as amended.

We, as principals, offer these shares, when, as and if issued and received by us, and subject to the approval of all legal matters by Messrs. Wainwright, Elder, Laidley, Leslie, Chipman & Bourgeois for ourselves, and Messrs. O'Brien, Stewart, Hall & Nolan for the Company.

Price: \$41 Per Share

DIVIDENDS ON THESE SHARES WILL ACCRUE FROM MARCH 14, 1952.

Subject to the filing of documents and evidence of satisfactory distribution, the Montreal Stock Exchange and The Toronto Stock Exchange have approved the listing of these shares, when, as and if issued.

The right is reserved to reject any or all applications, and also, in any case, to allot a smaller number of shares than may be applied for.

It is expected that interim certificates, exchangeable for definitive certificates when available, will be ready for delivery on or about March 14, 1952.

The following letter has been received from Mr. J. P. A. Smyth, President, Industrial Acceptance Corporation Limited:

Greenshields & Co Inc
Wood, Gundy & Company Limited

February 14, 1952

Dear Sirs,

With reference to the proposed issue by Industrial Acceptance Corporation Limited of seventy-five thousand (75,000) shares 5% Cumulative Redeemable Convertible Preferred stock par value \$40, I have pleasure in submitting the following information.

CAPITALIZATION

(As at December 31, 1951 and after giving effect to this financing)

Debentures	Authorized	Outstanding
4 % Sinking Fund, due April 1, 1969.....	\$10,000,000	\$9,600,000
4 % Sinking Fund, due March 1, 1970.....	2,500,000	2,400,000
Preferred Stock		
5 % Cumulative Redeemable Shares \$100 par value.....	1,500,000	1,431,000
4¼% Cumulative Redeemable Shares \$100 par value.....	1,500,000	1,446,000
5 % Cumulative Redeemable Convertible Preferred Shares \$32 par value.....	1,920,000	1,432,864
5 % Cumulative Redeemable Convertible Preferred Shares \$40 par value.....	3,000,000	3,000,000
Common Stock, no par value.....	500,000 shs. (x)	353,882 shs.
(x) Including 44,777 shares reserved for the conversion of the 5% Cumulative Redeemable Convertible Preferred shares \$32 par value; and 75,000 shares reserved for the conversion of 5% Cumulative Redeemable Convertible Preferred shares of \$40 par value.		

In addition to its loan and share capital the Company finances its purchases of receivables by borrowings on term and demand notes secured by the pledge of receivables. Term secured notes now outstanding amount to \$50,000,000. Demand notes outstanding with the Company's bankers and others fluctuate in amount from time to time in accordance with the volume of receivables purchased by the Company. The amount of such demand notes outstanding with the Company's bankers as of December 31, 1951 was \$18,495,000. Secured Notes — 30 days to 1 year maturity — outstanding as of December 31, 1951 was \$44,202,000.

THE COMPANY

Industrial Acceptance Corporation Limited was founded in 1925 and was acquired from Industrial Acceptance Corporation of New York in 1930. The operations of the Company provide a national credit service through sixty-three branch offices in Canada. This service covers principally the purchase of receivables in the form of time-payment paper arising out of retail sales of durable consumer goods such as motor vehicles, refrigerators, heating equipment, household appliances, revenue producing machinery and commercial equipment. Repayment is usually in instalments over periods ranging up to eighteen months and sometimes longer, depending on the type of article being financed.

The outstanding receivables average about \$420 and are widely distributed throughout Canada and diversified as to occupation of the purchaser. The Company generally purchases such receivables from authorized dealers who sell the articles to the instalment buyer. The down-payment and the credit of the buyer must be satisfactory to the Company. In addition to the covenant of the buyer and title to the merchandise, the Company is usually further protected by a guarantee of the dealer. Almost all articles are insured by the Company, and in some cases a portion of the purchase price payable by the Company for the receivable is temporarily withheld as an additional reserve.

The Company also provides a wholesale financing service in connection with the sale by manufacturers to distributors and dealers of merchandise, which is held and exhibited on the floors of the latter, pending sales to retail buyers. The distributor or dealer purchase is represented by a wholesale conditional sales contract which is usually drawn on a demand basis.

SUBSIDIARY COMPANIES

The growth of the business of Industrial Acceptance Corporation Limited has made desirable, from time to time, the acquisition of complementary or allied businesses to supplement the services provided by the Company. These subsidiaries, all of which are incorporated under the laws of Canada, are as follows:

NIAGARA FINANCE COMPANY LIMITED acquired in January 1946, is wholly owned. This Company is licensed under the Small Loans Act and is engaged principally in the making of personal and other loans to the public throughout Canada. Such loans are usually secured by chattel mortgage.

CENTURY FINANCE CORPORATION LIMITED is a wholly owned subsidiary which was purchased in December 1942. Operations of this Company are confined to the financial assistance of dealer connections.

PROGRESSIVE INSURANCE COMPANY OF CANADA was incorporated July 17, 1947, and is licensed to do a general insurance business (other than life) in all Provinces except Prince Edward Island. Industrial Acceptance Corporation Limited owns 2,500 shares out of a total of 2,775 issued. The Company started operating in August 1948 and in addition to doing a general insurance business underwrites insurance arising out of the operations of Industrial Acceptance Corporation Limited.

CONSUMERS FINANCE LIMITED is wholly owned, having been acquired by Industrial Acceptance Corporation Limited in 1942. After having been inactive since the date of acquisition operations were resumed early in 1949, the Company currently being engaged in the purchase of conditional sale contracts resulting from private sales in the area of Toronto, Canada.

INTERPROVINCIAL INSURANCE CLAIMS LIMITED is also wholly owned having been incorporated on January 25, 1949. The Company operates on a nation-wide basis, the business consisting of the adjusting of insurance claims for Progressive Insurance Company of Canada and other insurance companies.

EARNINGS

The following report has been received from McDonald, Currie & Co., Chartered Accountants.

To the Directors,
Industrial Acceptance Corporation Limited,

Montreal, February 16, 1952

We have examined the books and accounts of Industrial Acceptance Corporation Limited and its subsidiary companies and we report that consolidated average receivables outstanding for the 10 years ended December 31, 1951, and net profits derived from interest, service charges and factoring commissions, insurance premiums, revenue from investments and dividends from an affiliated company, were as follows:

Year Ended Dec. 31	Average Receivables Outstanding	Net Income Before Interest and Income and Excess Profits Taxes	Interest on Current and Term Borrowings Including Amortization of Discount	Provision for Income and Excess Profits Taxes	Balance Available for Preferred Dividends	Dividends on 4¼% and 5% Preferred Stock \$100 Par Value	Balance Available for Dividends on \$32 and \$40 Convertible Preferred Shares and for Common Dividends
1942	\$15,217,459	\$872,162	\$534,915	\$141,925	\$195,322	\$75,000	\$120,322
1943	10,620,591	670,534	272,274	176,339	221,921	75,000	146,921
1944	9,882,571	598,438	218,117	164,689	215,632	75,000	140,632
1945	12,916,718	623,927	271,582	139,889	212,456	75,000	137,456
1946	18,837,424	813,931	413,740	146,649	253,542	75,000	178,542
1947	49,006,958	2,763,302	1,654,687	488,118	620,497	122,812	497,685
1948	64,180,773	3,992,527	2,085,980	749,509	1,157,038	138,750	1,018,288
1949	78,194,250	5,585,365	2,484,027	1,140,437	1,960,901	138,750	1,822,151
1950	116,853,665	8,399,763	3,702,510	1,861,336	2,835,917	138,750	2,697,167
1951	157,078,539	11,537,892	5,151,645	3,381,979	3,004,268	134,846	2,869,422

Earnings and average receivables of subsidiary companies have been included in the above consolidated statement during the period of ownership, as follows:

Industrial Factors Corporation Limited	1942 to 1946
Campbell Finance Corporation Limited	1942 to 1945
Century Finance Corporation Limited	1942 to date
Niagara Finance Company, Limited	1946 to date
Progressive Insurance Company of Canada	1948 to date
Consumers Finance Limited (inactive from 1942 up to and including 1948)	1949 to date
Interprovincial Insurance Claims Limited	1949 to date

McDONALD, CURRIE & CO.,
Chartered Accountants.

Maximum annual dividend requirements on the 5% Convertible Preferred shares of \$32 par value, outstanding at December 31, 1951, and on the 5% Convertible Preferred shares of \$40 par value, to be outstanding on completion of this financing, amount to \$221,643.

EQUITY

The net tangible assets, after deduction of all liabilities senior to the Preferred issues and after giving effect to this financing, would have amounted to \$19,075,248 on the basis of the December 31, 1951 balance sheet given herewith. This is equivalent to 261% of par value for each share of the total \$7,309,864 of 5% and 4¼% Preferred shares of \$100 par value, the 5% Cumulative Convertible Preferred shares of \$32 par value outstanding as at December 31, 1951 and the new 5% Cumulative Convertible Preferred shares of \$40 par value to be outstanding on completion of this financing.

After providing for the \$2,877,000 of 5% and 4¼% Preferred stock (\$100 par value) now outstanding, the remaining net tangible assets, on the above basis, would have amounted to \$16,198,248 or the equivalent of 365% of par value for each 5% Cumulative Convertible Preferred share of \$32 par value outstanding as at December 31, 1951 and each 5% Cumulative Convertible Preferred share \$40 par value now being issued.

PURPOSE OF ISSUE

The proceeds of this issue of \$3,000,000 5% Cumulative Convertible Preferred stock \$40 par value will be used for general corporate purposes.

CREDIT LOSS RECORD

Careful scrutiny of credits, diversification and the large margin of safety in favour of the Company in its financing has resulted over the period of the Company's existence in a very small percentage of loss. On over one and one-half billion dollars of retail instalment and wholesale receivables purchased during the 10-year period ended December 31, 1951, the Company's credit losses have been less than one-tenth of one percent.

ASSETS

Of the total assets of Industrial Acceptance Corporation Limited and subsidiary companies amounting to \$165,980,049 as at December 31, 1951, \$164,894,051 consisted of cash in banks, marketable securities and receivables acquired in the ordinary course of the Company's business. The portfolio of Notes and Accounts receivable is divided as follows:

	Amount	%
Consumer Instalment Obligations.....	\$106,150,541	69.99
Dealer Acceptance on Motor Vehicles and Appliances.....	35,730,649	23.56
Other Instalment Obligations and Sundry Receivables.....	9,784,677	6.45
	\$151,665,867	100.00

The Notes and Accounts receivable classified above as Consumer Instalment Obligations represent principally time-payment paper, purchased by the Company from dealers arising out of retail sales of durable consumer goods such as motor vehicles, refrigerators, heating equipment, household appliances, revenue producing machinery and commercial equipment. Dealer acceptances cover similar merchandise sold by manufacturers to distributors and dealers and financed by the Company while such articles are exhibited on the floors of the vendors pending sales to retail buyers.

RESERVES AND BALANCES WITHHELD

At the time receivables are purchased, "Reserves for losses and contingencies" are set up out of the service charge made in connection therewith. As losses occur they are charged to such reserves. The balance of the service charges is then set up as reserve for "Unearned service charges" and taken into monthly income pro rata over the life of the receivables.

At the time of purchase of receivables, certain of the customers and/or dealers, from whom receivables are purchased, are required to leave a portion of the proceeds with the Company as a protection against losses, the amounts so withheld being refundable when the receivables against which such reserves apply are paid in full. They are not shown on the balance sheet as a deduction from notes and accounts receivable, but are shown under current liabilities as "Dealers' credit balances".

SUMMARY OF PREFERRED STOCK PROVISIONS

1. The 5% Convertible Preferred shares par value \$40 will rank *pari passu* as to dividends and return of capital with the 5% Cumulative Redeemable Convertible Preferred shares par value \$32 per share and are preferred as to capital and dividends subject to prior preference of the existing 5% and 4¼% Preferred shares \$100 par value now outstanding.
2. The 5% Convertible Preferred shares par value \$40 are redeemable in whole or in part on not less than 30 days' notice at the prices indicated and the times mentioned on the face of the prospectus. The Company may purchase the whole or any part of this issue for redemption in the open market at any price not exceeding the redemption price and accrued dividends.
3. The shares are convertible into the Company's Common stock on a share for share basis at any time up to and including March 1, 1957 (unless called for redemption prior thereto, in which case the conversion privilege ceases ten (10) days before the date fixed for redemption), following which the right to convert will expire. Provision has been made for adjustment of the conversion rate should the present amount of Common stock be subdivided or consolidated prior to the expiration of the conversion right, or further issues be made at prices yielding in the aggregate less than an average of \$40.00 per share.
4. So long as any of the 5% Convertible Preferred shares par value \$32 remain outstanding, the Company is to set aside each year beginning August 15, 1953 a sum equal to whichever is the less of (a) 10% of the net profits (as defined) after deducting therefrom the amount of preferred dividends and the amount set aside for the \$32 Preferred Stock Purchase Fund, or (b) 3% of the aggregate par value of the amount of 5% Convertible Preferred shares par value \$40 previously issued. This sum will be used to the extent that there are Preferred shares available in the fiscal year in which it is set aside, for the purchase of 5% Convertible Preferred shares par value \$40 in the open market on a yield basis of 5% or better, and if no such shares are available, for the purchase of 5% Convertible Preferred shares par value \$32 or 5% or 4¼% Cumulative Preferred shares, par value \$100, on a yield basis of 5% or better unless the Preferred Stock Purchase Fund for the 5% Convertible Preferred shares par value \$32 has accumulated an amount of \$100,000 in which case the sum set aside for the purchase of 5% Convertible Preferred shares par value \$40 will be used to purchase shares of this issue only if available on a yield basis of 5% or better. If no such shares are so available for purchase in any fiscal year, the sum so set aside will, at the end of any such fiscal year, revert to the company to be used for its general corporate purposes. Further provision is made for the operation of a Preferred Stock Purchase Fund following the complete conversion of the now outstanding 5% Convertible Preferred shares par value \$32.
5. The consent of the holders of the 5% Convertible Preferred shares par value \$40 is not required for the creation or issue from time to time of further Preferred shares ranking equally with this issue provided that, in respect of issues other than issues the proceeds of which are to be used in whole or in part to redeem the prior Preferred shares, (1) the aggregate amount of the paid up capital stock of the Company and the Preferred shares then proposed to be issued, less the aggregate amount of the outstanding 5% Cumulative Preferred shares and 4¼% Cumulative Preferred shares of \$100 par value, is equal to at least 200% of the aggregate amount of the outstanding 5% Convertible Preferred shares, par value \$32, 5% Convertible Preferred shares par value \$40, outstanding Preferred shares ranking equally therewith, and Preferred shares then proposed to be issued; and (2) the net earnings (as defined) of the Company for any twelve (12) consecutive months of the eighteen (18) months immediately preceding the date of the issuance shall have been at least three (3) times the amount required for payment of the annual dividends on all Preferred shares of the Company then outstanding and on those then proposed to be issued.
6. The 5% Convertible Preferred shares par value \$40 are non-voting unless six (6) quarterly dividends, not necessarily consecutive, are in arrears or unless a default has occurred with respect to the Preferred Stock Purchase Fund. In either of which events each said share will have the right to one (1) vote so long as any such dividends or any such Preferred Stock Purchase Fund payments are in arrears.

A full statement of the rights, preferences, priorities, limitations, restrictions and conditions attached to the new 5% Cumulative Convertible Preferred shares \$40 par value appears in sub-section 4 of Section D of the sub-joined Statutory Information, to which reference is hereby made.

Yours very truly,

(Signed) J. P. A. SMYTH,
President

Industrial Acceptance Corporation Limited

AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1951

ASSETS		LIABILITIES	
CURRENT ASSETS:		CURRENT LIABILITIES:	
Cash.....	\$9,849,872	Secured demand and short term notes.....	\$62,697,000
Notes and accounts receivable—		Bank loans of subsidiary companies.....	4,660,000
Consumer instalment obligations.....	\$106,150,541	Accounts payable.....	678,984
Dealers' acceptances on motor vehicles and appliances....	35,730,649	Accrued interest on term notes and debentures	453,000
Direct secured instalment loans.....	8,013,577	Reserve for claims payable by insurance subsidiary.....	453,409
Repossessions in companies' possession at approximate market values.....	103,943	Income taxes.....	2,169,033
Other instalment obligations secured or guaranteed.....	899,168	Dealers' credit balances.....	5,659,653
Sundry receivables.....	767,989		<u>76,776,079</u>
	151,665,867		
Marketable securities — Federal and Provincial guaranteed bonds — at cost.....		DEFERRED INCOME AND RESERVES:	
(quoted market value—\$3,190,375)	3,378,312	Deferred income (to be taken into earned income proportionately over the life of related receivables and policies)	
	164,894,051	Unearned service charges..	5,689,769
		Unearned premiums of insurance subsidiary.....	2,298,089
		Reserve for losses.....	3,042,445
			<u>11,030,303</u>
		SECURED TERM NOTES.....	50,000,000
		DEBENTURES.....	12,000,000
OTHER ASSETS:		CAPITAL STOCK AND SURPLUS:	
Preferred stock redemption fund—cash.....	43,959	Preferred stock.....	4,309,864
Prepaid expenses.....	289,209	Common stock.....	4,655,401
Contributions to staff pension plan, less amounts written off	98,418		<u>8,965,265</u>
Office equipment and automobiles (at cost, less reserves for depreciation of \$432,874)....	654,411	Capital surplus (segregation of surplus upon redemption of preferred shares pursuant to Section 61 of The Companies Act 1934).....	162,335
Goodwill.....	1	Earned surplus.....	7,046,067
	1,085,998		<u>16,173,667</u>
	<u>\$165,980,049</u>		<u>\$165,980,049</u>

Approved on behalf of the board:
 R. D. BELL }
 G. E. WEMP } Directors.

To the Directors,
 Industrial Acceptance Corporation Limited.

We have made an examination of the books and accounts of Industrial Acceptance Corporation Limited and its subsidiary companies as at December 31, 1951 and we have obtained all the information and explanations which we have required. In this connection we examined or tested the accounting records of the companies and supporting evidence to the extent which we deemed necessary and we made a general review of the accounting methods.

We report that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs as at December 31, 1951, according to the best of our information and the explanations given to us and as shown by the books of the companies.

McDONALD, CURRIE & CO.,
 Chartered Accountants

Montreal, February 16, 1952.

DETAILS OF SECURED TERM NOTES, DEBENTURES AND CAPITAL STOCK AS AT DECEMBER 31, 1951			
SECURED TERM NOTES:		Shares	Amount
Series "B" 2½% due October 1, 1952.....	\$4,500,000		
Series "C" 2¾% due October 1, 1954.....	2,500,000		
Series "D" 3½% due June 1, 1960.....	10,000,000		
Series "E" 3½% due February 15, 1964....	5,000,000		
Series "F" 3¼% due April 1, 1957.....	10,000,000		
Series "G" 2¾% due March 1, 1953.....	5,000,000		
Series "H" 2¾% due October 1, 1953.....	3,000,000		
Series "I" 3¼% due November 15, 1957....	5,000,000		
Series "J" 3½% due November 15, 1966....	5,000,000		
	<u>\$50,000,000</u>		
DEBENTURES:		PREFERRED STOCK:	
4% sinking fund debentures due April 1, 1969—		Authorized and issued—	
Authorized and issued.....	\$10,000,000	5% cumulative redeemable shares of \$100 each....	15,000 1,500,000
Less: Redeemed and cancelled.....	400,000	Redeemed and cancelled.....	690 69,000
	9,600,000	Outstanding	<u>14,310</u> 1,431,000
4% sinking fund debentures due March 1, 1970—		4¼% cumulative redeemable shares of \$100 each....	15,000 1,500,000
Authorized and issued.....	2,500,000	Redeemed and cancelled or held for cancellation..	540 54,000
Less: Redeemed and cancelled.....	100,000	Outstanding	<u>14,460</u> 1,446,000
	2,400,000	5% cumulative redeemable convertible shares of \$25 each.....	80,000 2,000,000
	<u>\$12,000,000</u>	Converted into common stock..	79,489 1,987,225
		Redeemed and cancelled.....	511 80,000 12,775 2,000,000
			<u>—</u> —
		5% cumulative redeemable convertible shares of \$32 each.....	60,000 1,920,000
		Converted into common stock..	14,393 460,576
		Redeemed and cancelled.....	830 15,223 26,560 487,136
		Outstanding	<u>44,777</u> 1,432,864
			<u>\$4,309,864</u>
		COMMON STOCK:	
		Authorized without nominal or par value.....	500,000
		Issued for cash.....	260,000 2,207,600
		Issued on conversion of preferred stock.....	93,882 2,447,801
			<u>353,882</u> <u>\$4,655,401</u>

STATUTORY INFORMATION

(A) Industrial Acceptance Corporation Limited was incorporated under the Companies Act of Canada by Letters Patent dated February 7, 1925. The said Letters Patent have been amended from time to time by the issue of Supplementary Letters Patent dated respectively December 26, 1928; July 3, 1930; September 23, 1930; March 27, 1936; November 9, 1936; February 18, 1947; August 9, 1948; July 30, 1949; January 23, 1950; and February 16, 1952. The head office of the Company is situated at 1141 Bay Street, Toronto, Ontario.

(B) The names, descriptions and addresses of the Directors, Chief Executive Officers and Auditors of the Company are as follows:—

DIRECTORS

RUSSELL DAVENPORT BELL.....	Investment Dealer.....	1533 McGregor Street, Montreal, Que.
JOHN WOLFE MCCOLL.....	Gentleman.....	140 Forest Hill Road, Toronto, Ont.
THE HON. WILFRID GAGNON.....	Manufacturer.....	285 Outremont Avenue, Outremont, Que.
ARTHUR ALBERT SCHMON.....	Manufacturer.....	c/o Ontario Paper Co., Thorold, Ont.
ARTHUR JOSEPH MORRIS.....	Executive.....	Graybar Building, New York, N.Y.
JOHN PATRICK AUGUSTUS SMYTH.....	Executive.....	320 Laird Boulevard, Town of Mount Royal, Que.
GRANT EDWARD WEMP.....	Executive.....	241 Stanstead Avenue, Town of Mount Royal, Que.
JOSEPH HENRY RANAHAN.....	Executive.....	6 rue des Tilleuls, Laval-Sur-le-Lac, Que.

CHIEF EXECUTIVE OFFICERS

Chairman of the Board.....	RUSSELL DAVENPORT BELL.....	Montreal, Que.
President.....	JOHN PATRICK AUGUSTUS SMYTH.....	Town of Mount Royal, Que.
Executive Vice-President.....	GRANT EDWARD WEMP.....	Town of Mount Royal, Que.
Vice-President & General Manager....	JOSEPH HENRY RANAHAN.....	Laval-Sur-le-Lac, Que.
Vice-President & Asst. Gen. Manager..	JOHN BARKER PENNEFATHER.....	173 Glencoe Ave., Town of Mount Royal, Que.
Vice-President & Treasurer.....	LLOYD EVAN CUTHBERTSON	597 Berwick Avenue, Town of Mount Royal, Que.
Secretary.....	KENNETH JAMES DOIG.....	349 Grosvenor Avenue, Westmount, Que.

AUDITORS

MCDONALD, CURRIE & Co.....	Chartered Accountants.....	507 Place d'Armes, Montreal, Que.
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The Transfer Agent and Registrar in respect of all shares and of all securities of the Company are Montreal Trust Company, Montreal and Toronto, and Chartered Trust Company, Montreal and Toronto, respectively.

(C) The Company carries on the business of commercial financing consisting principally of the purchase of time-payment paper arising out of sales of durable consumer goods such as motor vehicles, refrigerators, heating equipment, household appliances, revenue producing machinery and commercial equipment. Repayment is usually in instalments over periods ranging up to eighteen months and sometimes longer, depending on the type of article being financed.

(D) The share capital of the Company is as follows:—

Class of Share	Authorized Number of Shares	Number of Shares issued and Outstanding as at December 31, 1951
5% Cumulative Preferred Stock \$100 par value.....	15,000	14,310
4¼% Cumulative Preferred Stock \$100 par value.....	15,000	14,460
5% Cumulative Convertible Preferred Stock \$32 par value.....	60,000	44,777
5% Cumulative Convertible Preferred Stock \$40 par value.....	75,000
Common Shares, no par value.....	(x) 500,000	353,882

(x) Includes 44,777 shares reserved for the conversion of the same number of 5% Cumulative Convertible Preferred shares par value \$32 each, outstanding as at December 31, 1951 and 75,000 shares reserved for the conversion of the 5% Cumulative Redeemable Convertible Preferred shares of par value of \$40 each.

The provisions contained in the Company's Letters Patent and Supplementary Letters Patent relating to the respective voting rights, preferences, rights to dividends, profits or capital, including redemption and conversion rights and rights on liquidation or distribution of capital assets of the Preferred and Common shares of the capital stock of the Company are as follows:

1. The 5% Cumulative Preferred shares of the par value of \$100 each, carry and are subject to the following preferences, rights, privileges, limitations and conditions, namely:—

- (a) No alteration, modification, variation or abrogation of any of the preferences, priorities, rights or privileges attaching to the 5% Cumulative Preferred shares shall be made unless authorized by a resolution passed by the votes of the holders of not less than three-fourths of the outstanding 5% Cumulative Preferred shares cast at a Special General Meeting of the holders of the 5% Cumulative Preferred shares called for the purpose.
- (b) The holders of the 5% Cumulative Preferred shares shall be entitled to receive, when and as declared by the Directors, fixed cumulative preferential dividends at the rate of five per centum (5%) per annum on the capital paid up thereon, which dividends shall be cumulative from the respective dates of issue of such shares and shall be payable quarterly concurrently with the quarterly dividends on the $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company, on such dates as may be fixed by resolution of the Directors. When any dividends payable on the 5% Cumulative Preferred shares and on the $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company are not paid in full, the lesser amount so payable as dividends shall be paid rateably upon the amount paid up on the 5% Cumulative Preferred shares and on the $4\frac{1}{4}\%$ Cumulative Preferred shares in accordance with the total aggregate amounts which would be payable on said two classes of Preferred shares respectively, including accumulations (if any), if all dividends on said two classes of Preferred shares were declared and paid in full. No dividends shall be paid or declared and set apart for payment on any other shares of the Company unless all accrued dividends on all of the 5% Cumulative Preferred shares and the $4\frac{1}{4}\%$ Cumulative Preferred shares then issued and outstanding, including the preferential dividend for the current quarterly dividend period, shall have been paid or declared and set apart for payment.
- (c) In the event of the liquidation, winding-up or dissolution of the Company or on any distribution of assets other than by way of dividends, no sum whatsoever shall be paid nor shall any assets whatsoever be distributed among the holders of any shares of the Company (other than to the holders of the $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company) until there shall have been paid to the holders of the 5% Cumulative Preferred shares the capital paid up thereon respectively, together with a sum equal to all unpaid and accrued dividends on such shares to the date of distribution whether or not declared and whether or not there are profits available for such dividends, and the holders of the 5% Cumulative Preferred shares shall be entitled to be paid all such moneys out of the assets of the Company by preference over and in priority to the holders of any other shares of the Company (other than the holders of the $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company, as hereinafter provided), but the holders of the 5% Cumulative Preferred shares shall not have the right or be entitled to any further participation in the assets of the Company. When amounts payable on a return of capital are not paid in full, the shares of 5% Cumulative Preferred and $4\frac{1}{4}\%$ Cumulative Preferred stock of the Company shall participate rateably in respect of such return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full.
- (d) Upon resolution of the Directors all of the 5% Cumulative Preferred shares at any time outstanding may be redeemed by the Company on any date fixed by such resolution at One hundred and five dollars (\$105.00) per share, together with all dividends accrued to the date so fixed for redemption whether declared or not. The amount required to redeem the 5% Cumulative Preferred shares shall be paid at such place or places as the resolution calling such shares for redemption shall specify. Notice of such redemption setting forth the date when the 5% Cumulative Preferred shares are to be redeemed and the place or places where the redemption price is payable shall be mailed, postage prepaid, not less than thirty (30) days prior to the date fixed for such redemption to each registered holder of 5% Cumulative Preferred shares at his address registered in the books of the Company. Unless payment of the redemption price shall not have been made by the Company upon presentation and surrender of the certificates representing the shares so called for redemption, the holders of the 5% Cumulative Preferred shares shall, after the date fixed for such redemption, cease to have any rights to further dividends or any rights or privileges as shareholders in respect of the 5% Cumulative Preferred shares other than the right to receive payment of the redemption price herein specified.
- (e) The Company shall also have the right, upon resolution of the Directors, to redeem any 5% Cumulative Preferred shares by purchase thereof on the open market at any price not exceeding One hundred and five dollars (\$105.00) per share and accrued dividends to the time of such purchase.
- (f) Each 5% Cumulative Preferred share shall entitle its holder to one vote.

2. The $4\frac{1}{4}\%$ Cumulative Preferred shares of the par value of \$100 each carry and are subject to the following preferences, rights, priorities, privileges, limitations and conditions, namely:—

- (a) No alteration, modification, variation or abrogation of any of the preferences, priorities, rights or privileges attaching to the $4\frac{1}{4}\%$ Cumulative Preferred shares shall be made unless authorized by a resolution passed by at least two-thirds of the votes of the holders of the outstanding $4\frac{1}{4}\%$ Cumulative Preferred shares present or represented at a Special General Meeting of the holders of the $4\frac{1}{4}\%$ Cumulative Preferred shares called for the purpose and confirmed by Supplementary Letters Patent.
- (b) The holders of the $4\frac{1}{4}\%$ Cumulative Preferred shares shall be entitled to receive, when and as declared by the Directors, fixed cumulative preferential dividends at the rate of four and one-quarter per centum ($4\frac{1}{4}\%$) per annum on the capital paid up thereon, which dividends shall be cumulative from the respective dates of issue of such shares and shall be payable quarterly concurrently with the quarterly dividends on the 5% Cumulative Preferred shares of the Company, on such dates as may be fixed by resolution of the Directors. When any dividends payable on the $4\frac{1}{4}\%$ Cumulative Preferred shares and on the 5% Cumulative Preferred shares of the Company are not paid in full, the lesser amount so payable as dividends shall be paid rateably upon the amount paid up on the 5% Cumulative Preferred shares and on the $4\frac{1}{4}\%$ Cumulative Preferred shares in accordance with the total aggregate amount which would be payable on said two classes of Preferred shares respectively, including accumulations (if any), if all dividends on said two classes of Preferred shares were declared and paid in full. No dividends shall be paid or declared and set apart for payment on any other shares of the Company unless all accrued dividends on the $4\frac{1}{4}\%$ Cumulative Preferred shares and the 5% Cumulative Preferred shares then issued and outstanding, including the preferential dividend for the current quarterly dividend period, shall have been paid or declared and set apart for payment.
- (c) In the event of the liquidation, winding-up or dissolution of the Company or on any distribution of assets other than by way of dividends no sum whatsoever shall be paid nor shall any assets whatsoever be distributed among the holders of any shares of the Company (other than to the holders of the 5% Cumulative Preferred shares of the Company) until there shall have been paid to the holders of the $4\frac{1}{4}\%$ Cumulative

Preferred shares the capital paid up thereon together with a sum equal to all unpaid and accrued dividends on such shares to the date of distribution whether or not declared and whether or not there are profits available for such dividends, and the holders of the $4\frac{1}{4}\%$ Cumulative Preferred shares shall be entitled to be paid all such moneys out of the assets of the Company by preference over and in priority to the holders of any other shares of the Company (other than the holders of the 5% Cumulative Preferred shares of the Company, as hereinafter provided), but the holders of the $4\frac{1}{4}\%$ Cumulative Preferred shares shall not have the right or be entitled to any further participation in the assets of the Company. When amounts payable on a return of capital are not paid in full, the shares of the 5% Cumulative Preferred stock and of the $4\frac{1}{4}\%$ Cumulative Preferred stock of the Company shall participate rateably in respect of such return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full.

- (d) Upon resolution of the Directors the $4\frac{1}{4}\%$ Cumulative Preferred shares at any time outstanding may be redeemed by the Company in whole or in part at any date fixed by such resolution (but not earlier in any event than the date so fixed for redemption of all of the 5% Cumulative Preferred shares of the Company). Any such redemption of the $4\frac{1}{4}\%$ Cumulative Preferred shares shall be at One hundred and four dollars (\$104.00) per share if redeemed on or before April 1, 1950; and thereafter at One hundred and three dollars (\$103.00) per share if redeemed on or before April 1, 1953; and thereafter at One hundred and two dollars (\$102.00) per share, together, in each case, with all dividends accrued to the date so fixed for redemption, whether declared or not. In the event that less than the whole of the outstanding $4\frac{1}{4}\%$ Cumulative Preferred shares is to be redeemed at any time, the said shares to be so redeemed shall be chosen insofar as possible pro rata among the holders of the outstanding shares at the time fixed by the resolution of the Directors providing for such redemption. The amount required to redeem the said $4\frac{1}{4}\%$ Cumulative Preferred shares shall be paid at such place or places as the resolution calling such shares for redemption shall specify. Notice of such redemption setting forth the date when the said $4\frac{1}{4}\%$ Cumulative Preferred shares are to be redeemed and the place or places where the redemption price is payable shall be mailed, postage prepaid, not less than thirty (30) days prior to the date fixed for such redemption to each registered holder of said $4\frac{1}{4}\%$ Cumulative Preferred shares at his address registered in the books of the Company. Unless payment of the redemption price shall not have been made by the Company upon presentation and surrender of the certificates representing the shares so called for redemption, the holders of the said $4\frac{1}{4}\%$ Cumulative Preferred shares shall, after the date fixed for such redemption, cease to have any rights to further dividends or any rights or privileges as shareholders in respect of the said $4\frac{1}{4}\%$ Cumulative Preferred shares other than the right to receive payment of the redemption price herein specified.
- (e) The Company shall also have the right, upon resolution of the Directors, to redeem any $4\frac{1}{4}\%$ Cumulative Preferred shares by purchase thereof on the open market at any price not exceeding the price fixed for redemption at the date of such purchase and accrued dividends to the time of such purchase.
- (f) Each $4\frac{1}{4}\%$ Cumulative Preferred share shall entitle the holder to one vote.

3. The 5% Cumulative Convertible Preferred shares of par value of \$32 each carry and are subject to the following rights, preferences, priorities, privileges, limitations, and conditions, namely:

- (1) The holders of the 5% Cumulative Preferred shares and $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company are entitled to receive fixed cumulative preferential dividends when and as declared at the rate of five per centum (5%) per annum in the case of the 5% Cumulative Preferred shares of the Company and four and one-quarter per centum ($4\frac{1}{4}\%$) per annum in the case of the $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company, payable quarterly, to be declared and paid before any dividend is declared or paid on any other shares of the Company. The dividends on the 5% Cumulative Preferred shares and $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company are cumulative, so that if in or for any quarter dividends at the rate of five per centum 5% per annum in the case of the 5% Cumulative Preferred shares of the Company, and four and one-quarter per centum ($4\frac{1}{4}\%$) per annum in the case of the $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company, are not paid, the deficiency shall be a charge on the net earnings of the Company and dividends on the 5% Cumulative Preferred shares of the Company and $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company shall be subsequently payable before any dividends are set aside or paid on any other shares of the Company. In the case of the liquidation, winding-up or dissolution of the Company or on any distribution of assets other than by way of dividends, the holders of the 5% Cumulative Preferred shares of the Company and $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company shall be first entitled to be paid the capital paid up thereon together with a sum equal to all unpaid and accrued dividends on such shares to the date of distribution whether or not declared and whether or not there are profits available for such dividends by preference over and in priority to the holders of any other shares of the Company.
- (2) Subject to the provisions of Clause (1) hereinabove, the holders of the 5% Cumulative Convertible Preferred shares of the par value of \$32 each (hereinafter referred to as the \$32 Convertible Preferred shares) shall be entitled to receive when and as declared by the Directors fixed cumulative preferential dividends at the rate of five per centum (5%) per annum on the capital paid up thereon, which dividends shall be cumulative from the respective dates of issue of such \$32 Convertible Preferred shares and shall be payable quarterly on such dates as may be fixed by resolution of the Directors and no dividends shall be paid or declared and set apart for payment on any Common shares of the Company or on any other shares junior to the \$32 Convertible Preferred shares unless all accrued dividends on the \$32 Convertible Preferred shares then issued and outstanding, including the preferential dividend for the current quarterly dividend period, have been paid or declared and set apart for payment.
- (3) Subject to the provisions of Clause (1) hereinabove, in the event of the liquidation, winding-up or dissolution of the Company or on any distribution of assets other than by way of dividends, no sum whatsoever shall be paid nor shall any assets whatsoever be distributed among the holders of any Common shares of the Company or among the holders of any other shares junior to the \$32 Convertible Preferred shares until there shall have been paid to the holders of the \$32 Convertible Preferred shares the capital paid up thereon together with a sum equal to all dividends accrued and unpaid on the \$32 Convertible Preferred shares to the date of distribution, whether or not declared and whether or not there are profits available for such dividends, and the holders of the \$32 Convertible Preferred shares shall be entitled to be paid all such moneys out of the assets of the Company equally and rateably as between themselves by preference over and in priority to the holders of any Common shares of the Company or the holders of any other shares junior to the \$32 Convertible Preferred shares, but the holders of \$32 Convertible Preferred shares shall not have the right or be entitled to any further participation in the assets of the Company.

- (4) Upon resolution of the Directors, the \$32 Convertible Preferred shares at any time outstanding may be redeemed by the Company in whole or in part on any date fixed by such resolution. Any such redemption of the \$32 Convertible Preferred shares shall be at Thirty-three dollars and fifty cents (\$33.50) per share if redeemed on or before the 15th day of August 1952; and thereafter at Thirty-three dollars (\$33.00) per share if redeemed on or before the 15th day of August 1953; and, if redeemed thereafter, at Thirty-two dollars and fifty cents (\$32.50) per share; together, in each case, with all dividends accrued to the date so fixed for redemption whether declared or not. In the event that less than the whole of the outstanding \$32 Convertible Preferred shares is to be redeemed at any time, the said shares to be so redeemed shall be chosen insofar as possible pro rata among the holders of the outstanding shares at the time fixed by the resolution of the Directors providing for such redemption. The amount required to redeem the \$32 Convertible Preferred shares shall be paid at such place or places as the resolution calling such shares for redemption shall specify. Notice of such redemption setting forth the date when the \$32 Convertible Preferred shares are to be redeemed and the places where the redemption price is payable shall be mailed postage prepaid, not less than thirty (30) days prior to the date fixed for such redemption to each registered holder of the \$32 Convertible Preferred shares at his address registered in the books of the Company. Unless payment of the redemption price shall not have been made by the Company upon presentation and surrender of the certificates representing the shares so called for redemption, the holders of the \$32 Convertible Preferred shares shall, after the date fixed for such redemption, cease to have any rights to further dividends or any rights or privileges as shareholders in respect of the \$32 Convertible Preferred shares other than the right to receive payment of the redemption price herein specified.
- (5) The Company shall also have the right, upon resolution of the Directors, to redeem any \$32 Convertible Preferred shares by purchase thereof on the open market at any price not exceeding the price fixed for redemption at the date of such purchase and accrued dividends to the time of such purchase.
- (6) (a) On or before the 15th day of August in each year, commencing with the year 1950, the Company shall, save as hereinafter provided, so long as there are any \$32 Convertible Preferred shares issued and outstanding, set aside as a Preferred Stock Purchase Fund (hereinafter sometimes referred to as the \$32 Preferred Stock Purchase Fund), a sum to be used for the redemption or retirement of \$32 Convertible Preferred shares, or if no \$32 Convertible Preferred shares are available, for the redemption or retirement of either 5% Cumulative Preferred shares of the Company or $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company, which sum shall be equal to whichever is the less of (a) ten percentum (10%) of the net profits of the Company and its Subsidiaries for the preceding year, after deducting therefrom the amount of dividends provided for the 5% Cumulative Preferred shares of the Company, $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company and \$32 Convertible Preferred shares for each year, and also after deducting the amount of accrued and unpaid dividends on the 5% Cumulative Preferred shares of the Company, $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company and \$32 Convertible Preferred shares for any preceding year or years to the extent that deduction has not been previously made for such accrued and unpaid dividends in calculating the amount of the \$32 Preferred Stock Purchase Fund in respect of any such year or years, or (b) three per centum (3%) of the aggregate par value of the amount of \$32 Convertible Preferred shares previously issued. A Certificate of the Company's auditors for the time being as to the amount of net profits of the Company available for the \$32 Preferred Stock Purchase Fund or as to the absence thereof, shall be conclusive and binding upon the Company, the holders of the \$32 Convertible Preferred shares and the holders of any other shares of the Company and shall not be called in question. The said sum shall be applied with reasonable despatch to the purchase for redemption or retirement, on the open market, of \$32 Convertible Preferred shares if available, or if no \$32 Convertible Preferred shares are available, then said amount shall be used to purchase for redemption or retirement either 5% Cumulative Preferred shares of the Company or $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company, in each case at a price not exceeding such ratio of the par value thereof as the percentage of annual dividend payable thereon is to five percentum (5%).
- The term "net profits of the Company and its Subsidiaries" whenever used in paragraph (a) of this Clause (6) means the amount shown as such in the audited annual consolidated balance sheet of Income and Expenditure of the Company and its Subsidiaries submitted to the shareholders of the Company at the annual meeting thereof, after provision for all taxes.
- (b) If no \$32 Convertible Preferred shares or 5% Cumulative Preferred shares of the Company or $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company are available for purchase in the open market at a price or prices as hereinbefore provided for the purchase thereof by the Company for redemption or retirement, then and in that event such sums in the \$32 Preferred Stock Purchase Fund shall (save as hereinafter provided) remain in the said Fund until such preferred shares as aforesaid shall be available for purchase for redemption or retirement at the price or prices as aforesaid and thereafter the sums in the said Fund shall be applied for the purchase by the Company for redemption or retirement of said preferred shares offered in the open market at a price or prices not in excess of that price or those prices hereinabove provided.
- (c) If at any time the sums in the \$32 Preferred Stock Purchase Fund available for the purchase by the Company for redemption or retirement of preferred shares as aforesaid shall amount to One Hundred thousand dollars (\$100,000) then the Company shall be relieved from its obligation to set aside further sums for the said Fund, but such obligation shall revive at the end of any fiscal year during which preferred shares as aforesaid become available for purchase by the Company for redemption or retirement in the open market at the price or prices aforesaid and the amount of the \$32 Preferred Stock Purchase Fund available for the purchase of preferred shares as aforesaid shall have been reduced below One hundred thousand dollars (\$100,000) by the purchase of such shares by the Company for redemption or retirement.
- (d) The Company may at any time anticipate the whole or any part of the \$32 Preferred Stock Purchase Fund obligations by purchasing for redemption or retirement preferred shares as hereinbefore provided and crediting the cost of such preferred shares in reduction of any of the \$32 Preferred Stock Purchase Fund obligations thereafter becoming due.
- (7) (a) Any holder of \$32 Convertible Preferred shares shall be entitled at his option at any time up to and including but not after the 15th day of August 1954 (subject as hereinafter provided) to have all or any of the \$32 Convertible Preferred shares held by him converted into fully paid Common shares of the Company without nominal or par value as the same shall be constituted at the time of conversion upon the basis of one (1) Common share for each one (1) \$32 Convertible Preferred share in respect of which the conversion privilege is exercised on or before the said 15th day of August 1954.

(b) If the par value of a \$32 Convertible Preferred share shall exceed on any date the "conversion rate" (as hereinafter defined), effective on such date, of a Common share, by as much as thirty-two cents, the conversion right appertaining to each \$32 Convertible Preferred share remaining outstanding shall be increased, effective on such date, by one one-hundredth (1/100) of one Common share for each multiple of thirty-two cents by which the said par value shall exceed the said conversion rate.

The term "conversion rate" as used in the foregoing paragraph shall mean the amount determined at the close of business on any date by dividing—

(i) (a) Four hundred thousand (400,000), (being the sum of three hundred and fifty-three thousand eight hundred and eighty-two (353,882) Common shares outstanding as at December the 31st day 1951, plus forty-four thousand seven hundred and seventy-seven (44,777) Common shares reserved for the conversion of the \$32 Convertible Preferred shares remaining outstanding as at the 31st day of December, 1951, and one thousand three hundred and forty-one (1,341) Convertible Preferred shares heretofore redeemed or purchased for cancellation by the Company, from time to time, prior to the said 31st day of December, 1951) multiplied by thirty-two dollars (\$32) plus (b) the aggregate of the amounts of all consideration received by the Company upon all issuances of Common shares after the 31st day of December, 1949, by

(ii) (a) A number equal to the total number of Common shares outstanding, plus (b) a number equal to the number of Common shares then reserved for conversion of the outstanding \$32 Convertible Preferred shares on the basis of one (1) common share for one (1) \$32 Convertible Preferred share.

If the Company shall subdivide or combine or consolidate its Common shares into a greater or less number of Common shares then, in any such case, from and after the effective date of such subdivision, combination or consolidation, the number of Common shares used in respect of the increase of the conversion right as aforesaid and in the foregoing computation shall in each case, where required, be increased or reduced proportionately.

(c) Each holder of \$32 Convertible Preferred shares to be converted shall give to the Company written notice of his election to convert by delivering such notice specifying the number of \$32 Convertible Preferred shares which the holder desires to have converted to any Transfer Agent of the Company for the \$32 Convertible Preferred shares and at the time of giving such notice shall surrender to such Transfer Agent the certificate or certificates representing the \$32 Convertible Preferred shares to be converted; if less than all of the \$32 Convertible Preferred shares represented by any certificate are to be converted the holder shall be entitled to receive a new certificate for the \$32 Convertible Preferred shares representing the shares comprised in the original certificate which are not to be converted.

(d) On any conversion as aforesaid, the share certificates for Common shares of the Company shall be issued in the name of the registered owner of the \$32 Convertible Preferred shares converted or in such name or names as such registered owner may direct, provided that such registered owner shall pay any stock transfer taxes payable in respect of any change in ownership.

(e) All shares issued for the purpose of or with respect to any conversion of \$32 Convertible Preferred shares into Common shares of the Company or the consolidation of script certificates and of shares sold under the foregoing provisions shall be deemed to be fully paid and non-assessable.

(f) The Company shall not issue any Common shares which will result in the unissued Common shares being insufficient to fulfil the conversion privilege of holders of the \$32 Convertible Preferred shares should the holders of all outstanding \$32 Convertible Preferred shares determine to have the same converted in accordance with the provisions herein contained.

(g) If the Company shall declare and pay a stock dividend upon the Common shares of the Company or a dividend payable at the option of the respective holders either in Common shares or in cash, then in each such case from and after the payment date of such dividend the conversion right shall be increased in the proportion that the increase in the number of outstanding Common shares resulting from such dividend bears to the number of Common shares theretofore outstanding plus the number of Common shares then reserved for the conversion of \$32 Convertible Preferred shares remaining outstanding.

(h) If the Company shall subdivide its Common shares into a greater number of shares or shall issue in exchange for such Common shares a greater number of Common shares, then in each case from and after the effective date of such subdivision or exchange of shares, the conversion right shall be increased in the proportion that the increase in the number of outstanding Common shares resulting from such subdivision or exchange bears to the number of Common shares theretofore outstanding plus the number of Common shares then reserved for the conversion of the \$32 Convertible Preferred shares remaining outstanding and if the Company shall reduce the number of Common shares by combination or consolidation of shares or shall issue in exchange for its outstanding Common shares a smaller number of Common shares then in each such case, from and after the effective date for such combination, consolidation or exchange of shares the conversion right shall be decreased in the proportion that the decrease in the number of the outstanding Common shares resulting from such combination, consolidation or exchange of shares bears to the number of Common shares theretofore outstanding plus the number of Common shares then reserved for the conversion of the \$32 Convertible Preferred shares remaining outstanding.

(i) The Company shall not issue fractional shares in satisfaction of the conversion privilege hereinbefore provided but in lieu of fractional shares it shall issue non-voting and non-dividend bearing script certificates for a fraction of a share in a form approved by the Board of Directors. Such script certificates may be consolidated into certificates for full shares within such reasonable time as may be determined by the Board of Directors and if the aggregate amount of shares represented by script certificates surrendered for consolidation is an amount in excess of an even number of shares the Company shall at the time of delivery of certificates for the number of full shares called for by the surrender of script certificates issue a new script certificate for an amount equal to such excess. Such script certificates may contain provisions authorizing the sale by the Company after the expiration of such reasonable time as may be determined by the Board of Directors of the number of shares represented by such script certificates for the benefit of the holders of such script certificates.

(j) Upon conversion of any \$32 Convertible Preferred shares the Company shall make no payment or adjustments on account of any accumulated or unpaid dividends on the \$32 Convertible Preferred shares, certificates for which are surrendered for conversion or on account of any dividends on the Common shares issuable upon such conversion.

(k) In the case of any \$32 Convertible Preferred shares which may be called for redemption, notwithstanding anything herein contained, the right of conversion thereof shall cease and terminate at the close of business on the tenth (10th) day prior to the date fixed for redemption, provided, however, that if the Company shall fail to redeem such \$32 Convertible Preferred shares in accordance with the notice of redemption the right of conversion shall thereupon be restored and continue as before.

- (8) The consent of the holders of the \$32 Convertible Preferred shares shall not be required for the creation or issue from time to time of further preferred shares ranking equally with the \$32 Convertible Preferred shares provided that, in respect of any further issues other than issues the proceeds of which are to be used to redeem in whole or in part the 5% Cumulative Preferred shares of the Company and/or the 4¼% Cumulative Preferred shares of the Company,

(a) the aggregate amount of the paid up capital stock and surplus of the Company and the preferred shares then proposed to be issued, less the aggregate amount of outstanding 5% Cumulative Preferred shares of the Company and 4¼% Cumulative Preferred shares of the Company is at least twice the aggregate amount of outstanding \$32 Convertible Preferred shares, outstanding preferred shares ranking equally therewith and preferred shares then proposed to be issued; and

(b) the net earnings (as herein defined) of the Company for any twelve (12) consecutive months of the eighteen (18) months immediately preceding the date of issuance have been at least three (3) times the amount required for payment of the annual dividends on all preferred shares of the Company then outstanding and on those then proposed to be issued; the report of the Company's auditors for the time being as to the existence of the required ratios of net residue and net earnings as aforesaid shall be binding and conclusive on the Company and on the holders of \$32 Convertible Preferred shares.

The term "net earnings" wherever used herein shall mean the surplus of (a) the amounts customarily treated by the Company and shown in the consolidated financial statements of the Company and its Subsidiaries with the approval of its auditors as income over (b) the amounts customarily so treated and shown as expenditures, with provision for all charges and taxes.

- (9) No alteration, modification, variation or abrogation of any of the rights, preferences, priorities, privileges, limitations and conditions attaching to the \$32 Convertible Preferred shares shall be made unless authorized by a resolution passed by at least two-thirds of the votes of the holders of the outstanding \$32 Convertible Preferred shares present or represented at a Special General Meeting of the holders thereof called for the purpose.
- (10) The holders of \$32 Cumulative Convertible Preferred shares shall not as such have any right to notice of or to attend or be represented or to vote at any Annual or Special General Meeting of the Company unless default shall have been made in payment by the Company of cumulative preferred cash dividends for an aggregate of six (6) quarterly periods (whether consecutive or not) or unless default shall have been made in setting aside any annual sums as hereinabove required for the \$32 Preferred Stock Purchase Fund, in either of which events there shall attach to each issued and outstanding \$32 Convertible Preferred share the right to one (1) vote in respect thereof at all Annual or Special General Meetings of the Company so long as any such cumulative preferred cash dividends or any of the \$32 Preferred Stock Purchase Fund payments are in arrears.

4. The 5% Cumulative Convertible Preferred shares of the par value of \$40 each carry and are subject to the following rights, preferences, priorities, privileges, limitations, and conditions, namely:—

- (1) The holders of the 5% Cumulative Preferred shares and 4¼% Cumulative Preferred shares of the Company are entitled to receive fixed cumulative preferential dividends when and as declared at the rate of five per centum (5%) per annum in the case of the 5% Cumulative Preferred shares of the Company and four and one-quarter per centum (4¼%) per annum in the case of the 4¼% Cumulative Preferred shares of the Company, payable quarterly, to be declared and paid before any dividend is declared or paid on any other shares of the Company. The dividends on the 5% Cumulative Preferred shares and 4¼% Cumulative Preferred shares of the Company are cumulative, so that if in or for any quarter dividends at the rate of five per centum (5%) per annum in the case of the 5% Cumulative Preferred shares of the Company, and four and one quarter per centum (4¼%) per annum in the case of the 4¼% Cumulative Preferred shares of the Company, are not paid, the deficiency shall be a charge on the net earnings of the Company and dividends on the 5% Cumulative Preferred shares of the Company and 4¼% Cumulative Preferred shares of the Company shall be subsequently payable before any dividends are set aside or paid on any other shares of the Company. In the case of the liquidation, winding-up or dissolution of the Company or on any distribution of assets other than by way of dividends, the holders of the 5% Cumulative Preferred shares of the Company and 4¼% Cumulative Preferred shares of the Company shall be first entitled to be paid the capital paid up thereon, together with a sum equal to all unpaid and accrued dividends on such shares to the date of distribution whether or not declared and whether or not there are profits available for such dividends by preference over and in priority to the holders of any other shares of the Company.
- (2) Subject to the provisions of Clause (1) hereinabove, the holders of the 5% Cumulative Convertible Preferred shares of the par value of \$32 each (hereinafter referred to as the \$32 Convertible Preferred shares) are entitled to receive when and as declared by the Directors fixed cumulative preferential dividends at the rate of five per centum (5%) per annum on the capital paid up thereon, which dividends are cumulative from the respective dates of issue of such \$32 Convertible Preferred shares and are payable quarterly on such dates as may be fixed by resolution of the Directors and no dividends are to be paid or declared and set apart for payment on any Common shares of the Company or on any other shares junior to the \$32 Convertible Preferred shares unless all accrued dividends on the \$32 Convertible Preferred shares then issued and outstanding, including the preferential dividend for the current quarterly dividend period, have been paid or declared and set apart for payment.
- (3) Subject to the provisions of Clause (1) hereinabove, the holders of the 5% Cumulative Convertible Preferred shares of the par value of \$40 each (hereinafter referred to as the \$40 Convertible Preferred shares) shall be entitled to receive when and as declared by the Directors fixed cumulative preferential dividends at the rate of five per centum (5%) per annum on the capital paid up thereon, which dividends shall be cumulative from the respective dates of issue of such \$40 Convertible Preferred shares and shall be payable quarterly on such dates as may be fixed by resolution of the Directors, equally and rateably with the dividends on the \$32 Convertible Preferred shares and no dividends shall be paid or declared and set apart for payment on any Common shares of the Company or on any other shares junior to the \$40 Convertible Preferred shares unless all accrued dividends on the \$40 Convertible Preferred shares then issued and outstanding, including the preferential dividends for the current quarterly dividend period, have been paid or declared and set apart for payment.

- (4) Subject to the provisions of Clause (1) hereinabove, and in conformity with the existing rights, preferences and conditions relative to the \$32 Convertible Preferred shares, in the event of the liquidation, winding-up or dissolution of the Company or on any distribution of assets other than by way of dividends, no sum whatsoever shall be paid nor shall any assets whatsoever be distributed among the holders of any Common shares of the Company or among the holders of any other shares junior to the \$32 Convertible Preferred shares and/or the \$40 Convertible Preferred shares until there shall have been paid to the holders of the \$32 Convertible Preferred shares and to the holders of the \$40 Convertible Preferred shares the capital paid up thereon together with a sum equal to all dividends accrued and unpaid on said Convertible Preferred shares to the date of distribution, whether or not declared and whether or not there are profits available for such dividends, and the holders of the \$32 Convertible Preferred shares and the holders of the \$40 Convertible Preferred shares shall be entitled to be paid all such moneys out of the assets of the Company equally and rateably as between themselves and by preference over and in priority to the holders of any Common shares of the Company or the holders of any other shares junior to the said Convertible Preferred shares, but the holders of said Convertible Preferred shares shall not have the right or be entitled to any further participation in the assets of the Company.
- (5) Upon resolution of the Directors, the \$40 Convertible Preferred shares at any time outstanding may be redeemed by the Company in whole or in part on any date fixed by such resolution. Any such redemption of the \$40 Convertible Preferred shares shall be at forty-two dollars and fifty cents (\$42.50) per share if redeemed on or before the 1st day of March, 1953; and thereafter at forty-two dollars (\$42.00) per share if redeemed on or before the 1st day of March, 1954; and thereafter at forty-one dollars and fifty cents (\$41.50) per share if redeemed on or before the 1st day of March, 1955; and thereafter at forty-one dollars (\$41.00) per share if redeemed on or before the 1st day of March, 1956; and if redeemed thereafter, at forty dollars and fifty cents (\$40.50) per share; together, in each case, with all dividends accrued to the date so fixed for redemption whether declared or not. In the event that less than the whole of the outstanding \$40 Convertible Preferred shares is to be redeemed at any time, the said shares to be so redeemed shall be chosen insofar as possible pro rata among the holders of the outstanding shares at the time fixed by the resolution of the Directors providing for such redemption. The amount required to redeem the \$40 Convertible Preferred shares shall be paid at such place or places as the resolution calling such shares for redemption shall specify. Notice of such redemption setting forth the date when the \$40 Convertible Preferred shares are to be redeemed and the places where the redemption price is payable shall be mailed postage prepaid, not less than thirty (30) days prior to the date fixed for such redemption to each registered holder of the \$40 Convertible Preferred shares at his address registered in the books of the Company. Unless payment of the redemption price shall not have been made by the Company upon presentation and surrender of the certificates representing the shares so called for redemption, the holders of the \$40 Convertible Preferred shares shall, after the date fixed for such redemption, cease to have any rights to further dividends or any rights or privileges as shareholders in respect of the \$40 Convertible Preferred shares other than the right to receive payment of the redemption price herein specified.
- (6) The Company shall also have the right, upon resolution of the Directors, to redeem any \$40 Convertible Preferred shares by purchase thereof on the open market at any price not exceeding the price fixed for redemption at the date of such purchase and accrued dividends to the time of such purchase.
- (7) (a) The Company, on or before the fifteenth day of August in each year, commencing with the year 1950, is obliged, so long as there are any \$32 Convertible Preferred shares outstanding, to set aside as a Preferred Stock Purchase Fund a sum to be used for the redemption or retirement of \$32 Convertible Preferred shares, or if no \$32 Convertible Preferred shares are available, for the redemption or retirement of either 5% Cumulative Preferred shares or $4\frac{1}{4}\%$ Cumulative Preferred shares, which sum is to be equal to whichever is the less of (a) ten per centum (10%) of the net profits of the Company and its subsidiaries (as defined in connection with the \$32 Convertible Preferred shares) for the preceding year, after deducting therefrom the amount of dividends provided for the 5% Cumulative Preferred shares of the Company, $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company and \$32 Convertible Preferred shares for each year and also after deducting the amount of accrued and unpaid dividends on the 5% Cumulative Preferred shares of the Company, $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company and \$32 Convertible Preferred shares for any preceding year or years to the extent that deduction has not been previously made for such accrued and unpaid dividends in calculating the amount of said Preferred Stock Purchase Fund in respect of any such year or years, or (b) three per centum (3%) of the aggregate par value of the amount of the \$32 Convertible Preferred shares previously issued. A Certificate of the Company's auditors for the time being as to the amount of net profits of the Company available for the said Preferred Stock Purchase Fund or the absence thereof, is to be conclusive and binding upon the Company, the holders of the \$32 Convertible Preferred shares and the holders of any other shares of the Company and shall not be called in question. The said sum is to be applied with reasonable despatch to the purchase for redemption or retirement, on the open market, of \$32 Convertible Preferred shares if available, or if no \$32 Convertible Preferred shares are available, then said amount is to be used to purchase for redemption or retirement either 5% Cumulative Preferred shares of the Company or $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company, in each case at a price not exceeding such ratio of the par value thereof as the percentage of annual dividend payable thereon is to five per centum (5%); provided that if no \$32 Convertible Preferred shares of 5% Cumulative Preferred shares of the Company or $4\frac{1}{4}\%$ Cumulative Preferred shares of the Company are available for purchase in the open market at a price or prices as hereinabove provided for the purchase thereof by the Company for redemption or retirement, then and in that event such sums in the said Preferred Stock Purchase Fund are (save as hereinabove provided) to remain in the said Fund until such preferred shares as aforesaid shall be available for purchase for redemption or retirement at the price or prices as aforesaid and thereafter the sums in the said Fund shall be applied for the purchase by the Company for redemption or retirement of said preferred shares offered in the open market at a price or prices not in excess of that price or those prices hereinabove provided; and provided further that if at any time the sums in the said Preferred Stock Purchase Fund available for the purchase by the Company for redemption or retirement of preferred shares as aforesaid shall amount to One hundred thousand dollars (\$100,000) then the Company shall be relieved from its obligation to set aside further sums for the said Fund, but such obligation shall revive at the end of any fiscal year during which preferred shares as aforesaid become available for purchase by the Company for redemption or retirement in the open market at the price or prices aforesaid and the amount of the said Preferred Stock Purchase Fund available for the purchase of preferred shares as aforesaid shall have been reduced below One hundred thousand dollars (\$100,000) by the purchase of such shares by the Company for redemption or retirement.

(b) In addition so long as any of the \$32 Convertible Preferred shares remain outstanding the Company shall, on or before the fifteenth day of August in each year commencing with the year 1953, save as hereinafter provided, set aside for the redemption or retirement of \$40 Convertible Preferred shares a sum equal to whichever is the less of (a) Ten percentum (10%) of the net profits of the Company and its Subsidiaries (as hereinafter defined in Clause (8) (a)) for the preceding year, after deducting therefrom the amount of dividends provided for the 5% Cumulative Preferred shares of the Company, 4¼% Cumulative Preferred shares of the Company, \$32 Convertible Preferred shares and \$40 Convertible Preferred shares for each year and also after deducting the amount of accrued and unpaid dividends on the 5% Cumulative Preferred shares of the Company, 4¼% Cumulative Preferred shares of the Company, \$32 Convertible Preferred shares and \$40 Convertible Preferred shares for any preceding year or years to the extent that deduction has not been previously made for such accrued and unpaid dividends in calculating the amount of the Preferred Stock Purchase Fund in respect of the \$32 Convertible Preferred shares in respect of any such year or years, and also after deducting the amount set aside for said Preferred Stock Purchase Fund in respect of the said \$32 Convertible Preferred shares in each year, or (b) three percentum (3%) of the aggregate par value of the amount of the \$40 Convertible Preferred shares previously issued. The said sum is to be applied with reasonable despatch to the purchase for redemption or retirement, on the open market, of \$40 Convertible Preferred shares, or if no \$40 Convertible Preferred shares are available, then said sum shall be applied to the purchase for redemption or retirement of \$32 Convertible Preferred shares, 5% Cumulative Preferred shares of the Company or 4¼% Cumulative Preferred shares of the Company, in each case at a price not exceeding such ratio of the par value thereof as the percentage of annual dividend thereon is to five percentum (5%); provided that, if in any fiscal year the sums in the Preferred Stock Purchase Fund in respect of the \$32 Convertible Preferred shares amount to One hundred thousand dollars (\$100,000) then the Company shall be relieved for such year of its obligation to apply the sum so set aside in respect of the \$40 Convertible Preferred shares to the purchase for redemption or retirement of \$32 Convertible Preferred shares, 5% Cumulative Preferred shares of the Company or 4¼% Cumulative Preferred shares of the Company and in such event to the extent that said sum so set aside in respect of the \$40 Convertible Preferred shares cannot be applied, in whole or in part, to the purchase for redemption or retirement as aforesaid of \$40 Convertible Preferred shares at par before the close of the fiscal year in which said sum is so set aside the balance remaining of said sum shall revert to the Company to be used for its general corporate purposes. If the Company at any time in the fulfilment of its obligations under the Preferred Stock Purchase Fund in respect of the \$32 Convertible Preferred shares, purchase any 5% Cumulative Preferred shares, 4¼% Cumulative Preferred shares or \$32 Convertible Preferred shares for redemption or retirement, then all such 5% Cumulative Preferred shares, 4¼% Cumulative Preferred shares and \$32 Convertible Preferred shares so purchased shall be deemed, to the extent necessary to fulfil the said obligations of the Company, to be so purchased by application of the Preferred Stock Purchase Fund in respect of the \$32 Convertible Preferred shares.

The Company may at any time anticipate the whole or any part of its obligations in respect of this paragraph (b) of this Clause (7) by purchasing for redemption preferred shares as hereinbefore provided and crediting the cost of such preferred shares in reduction of any Preferred Stock Purchase Fund obligations in respect of the \$40 Convertible Preferred shares thereafter becoming due.

- (8) (a) On or before the 15th day of August in each year commencing in the year following that when there are no \$32 Convertible Preferred shares outstanding, the Company shall, save as hereinafter provided, so long as there are any \$40 Convertible Preferred shares issued and outstanding, set aside as a Preferred Stock Purchase Fund (hereinafter sometimes referred to as the \$40 Preferred Stock Purchase Fund), a sum to be used for the redemption or retirement of \$40 Convertible Preferred shares, or if no \$40 Convertible Preferred shares are available, for the redemption or retirement of either 5% Cumulative Preferred shares of the Company or 4¼% Cumulative Preferred shares of the Company, which sum shall be equal to whichever is the less of (a) ten percentum (10%) of the net profits of the Company and its Subsidiaries for the preceding year, after deducting therefrom the amount of dividends provided for the 5% Cumulative Preferred shares of the Company, 4¼% Cumulative Preferred shares of the Company and \$40 Convertible Preferred shares for each year, and also after deducting the amount of accrued and unpaid dividends on the 5% Cumulative Preferred shares of the Company, 4¼% Cumulative Preferred shares of the Company and \$40 Convertible Preferred shares for any preceding year or years to the extent that deduction has not been previously made for such accrued and unpaid dividends in calculating the amount of the \$40 Preferred Stock Purchase Fund in respect of any such year or years, or (b) three per centum (3%) of the aggregate par value of the amount of \$40 Convertible Preferred shares previously issued. A Certificate of the Company's auditors for the time being as to the amount of net profits of the Company available for the \$40 Preferred Stock Purchase Fund or as to the absence thereof, shall be conclusive and binding upon the Company, the holders of the \$40 Convertible Preferred shares and the holders of any other shares of the Company and shall not be called in question. The said sum shall be applied with reasonable despatch to the purchase for redemption or retirement, on the open market, of \$40 Convertible Preferred shares if available, or if no \$40 Convertible Preferred shares are available, then said amount shall be used to purchase for redemption or retirement either 5% Cumulative Preferred shares of the Company or 4¼% Cumulative Preferred shares of the Company, in each case at a price not exceeding such ratio of the par value thereof as the percentage of annual dividend payable thereon is to five percentum (5%).

The term "net profits of the Company and its Subsidiaries" whenever used in paragraph (a) of this Clause (8) means the amount shown as such in the audited annual consolidated balance sheet of Income and Expenditure of the Company and its Subsidiaries submitted to the shareholders of the Company at the next annual meeting thereof, after provision for all taxes.

(b) If no \$40 Convertible Preferred shares or 5% Cumulative Preferred shares of the Company or 4¼% Cumulative Preferred shares of the Company are available for purchase in the open market at a price or prices as hereinabove provided for the purchase thereof by the Company for redemption or retirement, then and in that event such sums in the \$40 Preferred Stock Purchase Fund shall (save as hereinafter provided) remain in the said Fund until such preferred shares as aforesaid shall be available for purchase for redemption or retirement at the price or prices as aforesaid and thereafter the sums in the said Fund shall be applied for the purchase by the Company for redemption or retirement of said preferred shares offered in the open market at a price or prices not in excess of that price or those prices hereinabove provided.

(c) If at any time the sums in the \$40 Preferred Stock Purchase Fund available for the purchase by the Company for redemption or retirement of preferred shares as aforesaid shall amount to One hundred thousand dollars (\$100,000) then the Company shall be relieved from its obligation to set aside further sums for the said Fund, but such obligation shall revive at the end of any fiscal year during which pre-

ferred shares as aforesaid become available for purchase by the Company for redemption or retirement in the open market at the price or prices aforesaid and the amount of the \$40 Preferred Stock Purchase Fund available for the purchase of preferred shares as aforesaid shall have been reduced below One hundred thousand dollars (\$100,000) by the purchase of such shares by the Company for redemption or retirement.

(d) The Company may at any time anticipate the whole or any part of the \$40 Preferred Stock Purchase Fund obligations by purchasing for redemption or retirement preferred shares as hereinbefore provided and crediting the cost of such preferred shares in reduction of any of the \$40 Preferred Stock Purchase Fund obligations thereafter becoming due.

- (9) (a) Any holder of \$40 Convertible Preferred shares shall be entitled at his option at any time up to and including but not after the 1st day of March, 1957 (subject as hereinafter provided) to have all or any of the \$40 Convertible Preferred shares held by him converted into fully paid Common shares of the Company without nominal or par value as the same shall be constituted at the time of conversion upon the basis of one (1) Common share for each one (1) \$40 Convertible Preferred share in respect of which the conversion privilege is exercised on or before the said 1st day of March, 1957.

(b) If the par value of a \$40 Convertible Preferred share shall exceed on any date the "conversion rate" (as hereinafter defined), effective on such date, of a Common share, by as much as forty cents, the conversion right appertaining to each \$40 Convertible Preferred share remaining outstanding shall be increased, effective on such date, by one one-hundredth (1/100) of one Common share for each multiple of forty cents by which the said par value shall exceed the said conversion rate.

The term "conversion rate" as used in the foregoing paragraph shall mean the amount determined at the close of business on any date by dividing—

(i) (a) Four hundred and seventy-five thousand (475,000), being the sum of three hundred and fifty-three thousand eight hundred and eighty-two (353,882) Common shares outstanding as at the 31st day of December, 1951, plus forty-four thousand seven hundred and seventy-seven (44,777) Common shares reserved for the conversion of the \$32 Convertible Preferred shares remaining outstanding as at the 31st day of December 1951, one thousand three hundred and forty-one (1,341) Convertible Preferred shares heretofore redeemed or purchased for cancellation by the Company, from time to time, prior to the said 31st day of December 1951, and seventy-five thousand (75,000) Common shares to be reserved for the conversion of the \$40 Convertible Preferred shares) multiplied by forty dollars (\$40) plus (b) the aggregate of the amounts of all consideration received by the Company upon all issuances of Common shares after the 31st day of December 1951, by

(ii) (a) A number equal to the total number of Common shares outstanding, plus (b) a number equal to the number of Common shares then reserved for conversion of the outstanding \$32 Convertible Preferred shares and \$40 Convertible Preferred shares on the basis of one (1) Common share for one (1) \$32 Convertible Preferred share or one (1) \$40 Convertible Preferred share.

If the Company shall subdivide or combine or consolidate its Common shares into a greater or less number of Common shares then, in any such case, from and after the effective date of such subdivision, combination or consolidation, the number of Common shares used in respect of the increase of the conversion right as aforesaid and in the foregoing computation shall in each case, where required, be increased or reduced proportionately.

(c) Each holder of \$40 Convertible Preferred shares to be converted shall give to the Company written notice of his election to convert by delivering such notice specifying the number of \$40 Convertible Preferred shares which the holder desires to have converted to any Transfer Agent of the Company for the \$40 Convertible Preferred shares and at the time of giving such notice shall surrender to such Transfer Agent the certificate or certificates representing the \$40 Convertible Preferred shares to be converted; if less than all of the \$40 Convertible Preferred shares represented by any certificate are to be converted the holder shall be entitled to receive a new certificate for the \$40 Convertible Preferred shares representing the shares comprised in the original certificate which are not to be converted.

(d) On any conversion as aforesaid, the share certificates for Common shares of the Company shall be issued in the name of the registered owner of the \$40 Convertible Preferred shares converted or in such name or names as such registered owner may direct, provided that such registered owner shall pay any stock transfer taxes payable in respect of any change in ownership.

(e) All shares issued for the purpose of or with respect to any conversion of \$40 Convertible Preferred shares into Common shares of the Company or the consolidation of script certificates and of shares sold under the foregoing provisions shall be deemed to be fully paid and non-assessable.

(f) The Company shall not issue any Common shares which will result in the unissued Common shares being insufficient to fulfil the conversion privilege of holders of the \$40 Convertible Preferred shares should the holders of all outstanding \$40 Convertible Preferred shares determine to have the same converted in accordance with the provisions herein contained.

(g) If the Company shall declare and pay a stock dividend upon the Common shares of the Company or a dividend payable at the option of the respective holders either in Common shares or in cash, then in each such case from and after the payment date of such dividend the conversion right shall be increased in the proportion that the increase in the number of outstanding Common shares resulting from such dividend bears to the number of Common shares theretofore outstanding plus the number of Common shares then reserved for the conversion of \$40 Convertible Preferred shares remaining outstanding.

(h) If the Company shall subdivide its Common shares into a greater number of shares or shall issue in exchange for such Common shares a greater number of Common shares, then in each case from and after the effective date of such subdivision or exchange of the shares, the conversion right shall be increased in the proportion that the increase in the number of outstanding Common shares resulting from such subdivision or exchange bears to the number of Common shares theretofore outstanding plus the number of Common shares then reserved for the conversion of the \$40 Convertible Preferred shares remaining outstanding and if the Company shall reduce the number of Common shares by combination or consolidation of shares or shall issue in exchange for its outstanding Common shares a smaller number of Common shares then in each such case, from and after the effective date for such combination, consolidation or exchange of shares the conversion right shall be decreased in the proportion that the decrease in the number of outstanding Common shares resulting from such combination, consolidation or exchange of shares bears to the number of Common shares theretofore outstanding plus the number of Common shares then reserved for the conversion of the \$40 Convertible Preferred shares remaining outstanding.

(i) The Company shall not issue fractional shares in satisfaction of the conversion privilege hereinbefore provided but in lieu of fractional shares it shall issue non-voting and non-dividend bearing script certificates for a fraction of a share in a form approved by the Board of Directors. Such script certificates may be consolidated into certificates for full shares within such reasonable time as may be determined by the Board of Directors and if the aggregate amount of shares represented by script certificates surrendered for consolidation is an amount in excess of an even number of shares the Company shall at the time of delivery of certificates for the number of full shares called for by the surrender of script certificates issue a new script certificate for an amount equal to such excess. Such script certificates may contain provisions authorizing the sale by the Company after the expiration of such reasonable time as may be determined by the Board of Directors of the number of shares represented by such script certificates for the benefit of the holders of such script certificates.

(j) Upon conversion of any \$40 Convertible Preferred shares the Company shall make no payment or adjustments on account of any accumulated or unpaid dividends on the \$40 Convertible Preferred shares, certificates for which are surrendered for conversion or on account of any dividends on the Common shares issuable upon such conversion.

(k) In the case of any \$40 Convertible Preferred shares which may be called for redemption, notwithstanding anything herein contained, the right of conversion thereof shall cease and terminate at the close of business on the tenth (10th) day prior to the date fixed for redemption, provided, however, that if the Company shall fail to redeem such \$40 Convertible Preferred shares in accordance with the notice of redemption the right of conversion shall thereupon be restored and continue as before.

- (10) The consent of the holders of the \$40 Convertible Preferred shares shall not be required for the creation or issue from time to time of further preferred shares ranking equally with the \$40 Convertible Preferred shares provided that, in respect of any further issue other than issues the proceeds of which are to be used to redeem in whole or in part the 5% Cumulative Preferred shares of the Company and/or the 4¼% Cumulative Preferred shares of the Company, and/or the \$32 Convertible Preferred shares,
- (a) the aggregate amount of the paid up capital stock and surplus of the Company and the preferred shares then proposed to be issued, less the aggregate amount of outstanding 5% Cumulative Preferred shares of the Company and 4¼% Cumulative Preferred shares of the Company is at least twice the aggregate amount of outstanding \$32 Convertible Preferred shares, \$40 Convertible Preferred shares, outstanding preferred shares ranking equally therewith and preferred shares then proposed to be issued; and
- (b) the net earnings (as herein defined) of the Company for any twelve (12) consecutive months of the eighteen (18) months immediately preceding the date of issuance have been at least three (3) times the amount required for payment of the annual dividends on all preferred shares of the Company then outstanding and on those then proposed to be issued;
- the report of the Company's auditors for the time being as to the existence of the required ratios of net residue and net earnings as aforesaid shall be binding and conclusive on the Company and on the holders of \$40 Convertible Preferred shares.

The term "net earnings" wherever used herein shall mean the surplus of (a) the amounts customarily treated by the Company and shown in the consolidated financial statements of the Company and its Subsidiaries with the approval of its auditors as income over (b) the amounts customarily so treated and shown as expenditures, with provision for all charges and taxes.

- (11) No alteration, modification, variation or abrogation of any of the rights, preferences, priorities, privileges, limitations and conditions attaching to the \$40 Convertible Preferred shares shall be made unless authorized by a resolution passed by at least two-thirds of the votes of the holders of the outstanding \$40 Convertible Preferred shares present or represented at a Special General Meeting of the holders thereof called for the purpose.
- (12) The holders of \$40 Convertible Preferred shares shall not as such have any right to notice of or to attend or be represented or to vote at any Annual or Special General Meeting of the Company unless default shall have been made in payment by the Company of cumulative preferred cash dividends for an aggregate of six (6) quarterly periods (whether consecutive or not) or unless default shall have been made in setting aside any annual sums as hereinabove required for the Preferred Stock Purchase Fund, in either of which events there shall attach to each issued and outstanding \$40 Convertible Preferred share the right to one (1) vote in respect thereof at all Annual or Special General Meetings of the Company so long as any such cumulative preferred cash dividends or any of such Preferred Stock Purchase Fund payments are in arrears.

5. The Common shares without nominal or par value of the capital stock of the Company carry the right to one vote per share at all meetings of Shareholders and the rights of the holders of Common shares are subject to the prior rights of the holders of the Preferred shares.

The Company has outstanding \$4,500,000 principal amount of its 2½% Series "B" Secured Notes, due October 1, 1952, \$2,500,000 principal amount of its 2¾% Series "C" Secured Notes, due October 1, 1954, \$10,000,000 principal amount of its 3½% Series "D" Secured Notes due June 1, 1960, \$5,000,000 principal amount of its 3½% Series "E" Secured Notes due February 15, 1964, \$10,000,000 principal amount of its 3¼% Series "F" Secured Notes due April 1, 1957, \$5,000,000 principal amount of its 2¾% Series "G" Secured Notes due March 1, 1953, \$3,000,000 principal amount of its 2¾% Series "H" Secured Notes due October 1, 1953, \$5,000,000 principal amount of its 3¼% Series "I" Secured Notes due November 15, 1957 and \$5,000,000 principal amount of its 3½% Series "J" Secured Notes due November 15, 1966; said 2½% Series "B" and 2¾% Series "C" Secured Notes are all dated October 1, 1947, and the interest thereon is payable in each case half-yearly on the first days of April and October in each year; said 3½% Series "D" Secured Notes are dated June 1, 1948 and the interest thereon is payable half-yearly on the first days of June and December in each year; said 3½% Series "E" Secured Notes are dated February 15, 1949 and the interest thereon is payable half-yearly on the fifteenth days of February and August in each year; said 3¼% Series "F" Secured Notes are dated April 1, 1950 and the interest thereon is payable half-yearly on the first days of April and October in each year; said 2¾% Series "G" Secured Notes are dated September 1, 1950 and the interest thereon is payable half-yearly on the first days of March and September in each year; said 2¾% Series "H" Secured Notes are dated October 1, 1950 and the interest thereon is payable half-yearly on the first days of April and October in each year; said 3¼% Series "I" and 3½% Series "J" Secured Notes are all dated November 15, 1950 and the interest thereon is payable half-yearly on the fifteenth days of May and November in each year. The Company is obliged to pledge to the Trustee, Purchasers' Obligations (which means bills of exchange and promissory notes; lien or other notes, conditional sales contracts and any other instruments or agreements made or entered into

respecting the sale of goods, wares and merchandise; hire-purchase agreements, leases and any other agreement or instruments containing a covenant to pay a sum of money; and all renewals of and substitutions for moneys payable under the foregoing) to the extent necessary to secure the repayment of the said Notes of all series (amongst others), none of which Purchasers' Obligations or the instalments of which are in default for more than ninety days and which have a total value of at least 112½% of the amount of the aggregate unpaid principal of the outstanding Notes secured thereunder.

Under the terms of the above mentioned Trust Indenture dated June 2, 1947, promissory notes issued in connection with borrowings by the Company from time to time from banks and others in the ordinary course of its business and which are authenticated in the manner provided by said Trust Indenture are secured by the pledge of Purchasers' Obligations (as above defined) to the extent necessary to secure the repayment of the said notes, none of which Purchasers' Obligations or the instalments of which are in default for more than ninety days and which have a total value of at least 112½% of the amount of the aggregate unpaid principal of the outstanding promissory notes. Demand and Short Term (maturing 30 days to 1 year) promissory notes so secured, outstanding with the Company's bankers and others fluctuate in amount from time to time in accordance with the volume of receivables purchased by the Company; the amount outstanding as of December 31, 1951 was \$62,697,000.

The Company has \$9,600,000 principal amount outstanding of an authorized \$10,000,000 principal amount of 4% Sinking Fund Debentures presently outstanding; said debentures are dated April 1, 1950, mature on April 1, 1969, bear interest at the rate of 4% per annum payable half-yearly; are payable in lawful money of Canada; are redeemable in whole or in part, at the option of the Company, at any time prior to maturity on thirty days notice at 102.50% of the principal amount, if redeemed on or before April 1, 1951, subsequently such percentage diminishes by ⅛ of 1% in respect of each succeeding yearly period to and through April 1, 1967, and thereafter redeemable at 100.50% of the principal amount to maturity in each case with accrued interest to the date of redemption; Provision was made, commencing April 1, 1951, for an Annual Sinking Fund amounting to \$250,000 to be applied exclusively to the retirement of said debentures by purchase in the open market at not exceeding the then current redemption price or by redemption, by drawing, at the then prevailing redemption price, together with accrued interest; but the Company may acquire and tender debentures for cancellation in lieu of making such payment; the whole as more fully appears in that certain Indenture dated April 1, 1950 between the Company and Montreal Trust Company, as Trustee.

The Company has \$2,400,000 principal amount outstanding of an authorized \$2,500,000 principal amount of 4% Sinking Fund Debentures presently outstanding, said debentures are dated March 1, 1951, mature on March 1, 1970; bear interest at the rate of 4% per annum payable half-yearly; are payable in lawful money of Canada; are redeemable in whole or in part at the option of the Company, at any time prior to maturity on thirty days notice at 102½% of the principal amount, if redeemed on or before March 1, 1952 subsequently such percentage diminishing by ¼ of 1% in respect of each succeeding yearly period to and through March 1, 1959, thereafter redeemable at 100.50% of the principal amount to and through March 1, 1965 and thereafter redeemable at 100% of the principal amount to maturity; in each case with accrued interest to the date of redemption; provision was made, commencing March 1, 1952, for an Annual Sinking Fund amounting to \$100,000 to be applied exclusively to the retirement of said debentures by purchase in the open market at not exceeding the then current redemption price or by redemption, by drawing, at the then prevailing price, together with accrued interest; but the Company may acquire and tender debentures for cancellation in lieu of making such payment; the whole as more fully appears in that certain Indenture bearing formal date March 1, 1951 between the Company and Montreal Trust Company, as Trustee.

(E) (i) The Company, under date of February 14, 1952, entered into an agreement with Greenshields & Co Inc and Wood, Gundy & Company Limited for the sale and purchase, for delivery on or before March 14, 1952, of the 75,000 5% Cumulative Convertible Preferred shares of the par value of \$40 each offered by this Prospectus at a price of \$41 per share and to pay to Greenshields & Co Inc and Wood, Gundy & Company Limited, a commission of 5% of the par value of each of said shares. The purchasers were obligated to pay for the total of said 75,000 Cumulative Convertible Preferred shares in the proportion of 37,500 by Greenshields & Co Inc and 37,500 by Wood, Gundy & Company Limited payable on or before the March 14, 1952, against delivery of certificates representing said shares and subject to compliance with the necessary legal formalities and to the terms and conditions therein stated.

(ii) No options have been or at present proposed to be given.

(F) The number of securities offered by this Prospectus and their correct descriptive title and the issue price to the public thereof are stated on the face of this Prospectus to which reference is expressly made. The issue price thereof by the Company is \$41 per share payable in full to the Company in cash upon the issuance of such shares.

(G) (i) The proceeds of the Securities offered by this Prospectus will be added to the general funds of the Company.

(ii) No provision has been made for the holding in trust of the proceeds of the issue of the Securities hereby offered.

(H) The aggregate remuneration paid to Directors of the Company as such during the last financial year ended December 31, 1951, was \$8,700 and it is estimated that their aggregate remuneration during the current financial year will be approximately \$10,000. The aggregate remuneration paid to officers of the Company who individually received more than \$10,000 during the last financial year was \$375,000 and it is estimated that the aggregate remuneration which will be payable to such officers during the current financial year will be \$385,000.

(I) The estimated net proceeds to be derived from the securities hereby offered on the basis of same being fully taken up and paid for is \$2,920,000 after payment of the commission referred to in (E) (i) hereinabove and estimated expenses in connection with this issue.

(J) No minimum amount in the opinion of the Directors must be raised by the issue of the securities hereby offered in order to provide the sums required to pay the purchase price of any property purchased or to be purchased, any preliminary expenses or commission payable by the Company, the repayment of any money borrowed by the Company in respect of the foregoing matters or the repayment of Bank loans. Proceeds from the issue of the Preferred shares hereby offered will be used for the purposes referred to in (G) (i) hereinabove.

(K) (i) The Company under date of March 28, 1950, entered into an agreement with Greenshields & Co Inc and Wood, Gundy & Company Limited in respect of the placing of \$10,000,000 of its 3¼% Secured Notes Series "F" and paid a commission of 1% of the principal amount thereof for their services in placing said Secured Notes to Greenshields & Co Inc and Wood, Gundy & Company Limited.

(ii) The Company under date of August 3, 1950, entered into an agreement with Greenshields & Co Inc in respect of the placing of \$5,000,000 of its 2¾% Secured Notes Series "G" and paid a commission of ¼ of 1% of the principal amount thereof to Greenshields & Co Inc for its services in placing said Secured Notes.

(iii) The Company under date of September 22, 1950, entered into an agreement with Greenshields & Co Inc in respect of the placing of \$3,000,000 of its 2¾% Secured Notes Series "H" and paid a commission of 3/10 of 1% of the principal amount thereof to Greenshields & Co Inc for its services in placing said Secured Notes.

(iv) The Company under date of October 25, 1950, entered into an agreement with Greenshields & Co Inc in respect of the placing of \$5,000,000 principal amount of its 3½% Secured Notes Series "I" and \$5,000,000 principal amount of its 3½% Secured Notes Series "J" and paid a commission of 1% of the principal amount thereof to Greenshields & Co Inc for its services in placing said Secured Notes.

(v) The Company under date of February 27, 1951, entered into an agreement with Greenshields & Co Inc and Wood, Gundy & Company Limited in respect of the sale of \$2,500,000 principal amount of its 4% Sinking Fund Debentures due 1970 and agreed to sell said Debentures at a price of 95½% of the principal amount thereof, plus accrued interest, if any, to Greenshields & Co Inc and Wood, Gundy & Company Limited.

(vi) The Company has obligated itself to pay to Greenshields & Co Inc, its agent, or through them to any other agent approved by them as a commission in respect of each of its Short Term Secured Notes sold by such agent a sum equal to five cents per month from date of authentication to maturity of the Note in respect of each One hundred dollars (\$100) principal amount thereof provided that such sum shall not exceed fifty cents for each such One hundred dollars principal amount.

(vii) The Company is obligated under the agreement mentioned in (E) (i) above to pay commissions to Greenshields & Co Inc and Wood, Gundy & Company Limited, respectively, amounting to 5% of the par value of the Preferred shares paid for by them respectively, pursuant to the provisions of said agreement.

(L) The Company has carried on business since the year 1925.

(M) The Company has not purchased or acquired nor proposes to purchase or acquire any property the purchase price of which is to be defrayed in whole or in part out of the proceeds of the proposed issue of Securities except receivables and other obligations acquired in the ordinary course of business, or has been paid within the two years preceding the date hereof or is to be paid in whole or in part in Securities of the Company, or the purchase or acquisition of which has not been completed at the date of the issue of this Prospectus.

(N) As the names and addresses of the debtors of receivables or other obligations which may be acquired by the Company in the ordinary course of business will not be known until such receivables or other obligations are acquired, it is impossible to disclose them here or the amounts to be paid to each.

(O) No Securities have been issued or agreed to be issued by the Company as fully or partially paid-up otherwise than in cash within the two years preceding the date hereof.

(P) No Debentures are being offered by this Prospectus.

(Q) Exclusive of the commissions disclosed under (K) above, no services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the Securities offered by this Prospectus or have been within the last two preceding years or are to be paid for by Securities of the Company.

(R) No amount has been paid during the two preceding years or is intended to be paid to any promoter.

(S) The Company has entered into the following contracts during the two years preceding the date hereof other than contracts entered into during the ordinary course of business:—

1. Nine agreements between the Company, Montreal Trust Company and nine Canadian Chartered banks respectively, seven of which agreements, all dated July, 17, 1947, were renewed on December 31, 1947, 1948, 1949, 1950 and 1951; one agreement dated February 25, 1948 was renewed on December 31, 1948, 1949, 1950 and 1951, and the remaining agreement is dated November 15, 1949 and was renewed on December 31, 1950 and 1951; each of said agreements being in identical terms and concerning covenants by the Company in respect of notes secured by a Trust Indenture entered into between the Company and Montreal Trust Company dated June 2, 1947, to be delivered to each said bank in connection with borrowings from time to time.
2. An underwriting agreement dated March 28, 1950, between the Company and Greenshields & Co Inc and Wood, Gundy & Company Limited with respect to the issue of \$10,000,000 principal amount of 3¼% Secured Notes Series "F" of the Company.
3. An Indenture dated March 28, 1950, between the Company and Montreal Trust Company with respect to the issue of \$10,000,000 principal amount of 3¼% Secured Notes Series "F" of the Company.
4. An Indenture dated April 1, 1950, between the Company and Montreal Trust Company with respect to the issue of \$10,000,000 principal amount of 4% Sinking Fund Debentures of the Company.
5. An agency agreement dated August 3, 1950, between the Company and Greenshields & Co Inc in respect of \$5,000,000 principal amount of 2¾% Secured Notes Series "G" of the Company.
6. An Indenture dated August 23, 1950, between the Company and Montreal Trust Company relating to the issue of \$5,000,000 principal amount of the 2¾% Secured Notes Series "G" of the Company.
7. An agency agreement dated September 22, 1950, between the Company and Greenshields & Co Inc in respect of \$3,000,000 principal amount of 2¾% Secured Notes Series "H" of the Company.
8. An Indenture dated September 26, 1950, between the Company and Montreal Trust Company relating to the issue of \$3,000,000 principal amount of 2¾% Secured Notes Series "H" of the Company.
9. An agency agreement dated October 25, 1950, between the Company and Greenshields & Co Inc in respect of \$5,000,000 principal amount of 3¼% Secured Notes Series "I" of the Company and \$5,000,000 principal amount of 3½% Secured Notes Series "J" of the Company.
10. An Indenture dated October 30, 1950 between the Company and Montreal Trust Company relating to the issue of \$5,000,000 principal amount of 3¼% Secured Notes Series "I" and \$5,000,000 principal amount of Secured Notes Series "J" of the Company.

11. An agreement dated 23rd January 1951 between the Company and Niagara Finance Company Limited relating to the subscription by the Company of an additional 500 shares of the capital stock of Niagara Finance Company Limited.
12. An underwriting agreement dated February 27, 1951, between the Company and Greenshields & Co Inc and Wood, Gundy & Company Limited with respect to the issue of the Company's 4% Debentures due 1970.
13. An Indenture bearing formal date March 1, 1951, between the Company and Montreal Trust Company relating to the issue of \$2,500,000 principal amount of 4% Sinking Fund Debentures due 1970.
14. An agreement dated May 10, 1951, between the Company and Robert Logan Mayhew, William C. Mearns, Harry V. Gladwell and Justin W. Harboard relating to the purchase of all the issued capital stock of Commercial Acceptance Corporation Limited.
15. An agreement dated May 11, 1951, between the Company and five Canadian chartered banks in virtue of which the Company postponed its claim against Niagara Finance Company Limited in respect of an advance made by the Company to Niagara Finance Company Limited until the claims of the said banks in respect of certain amounts owed by Niagara Finance Company Limited to the said banks have been paid.
16. An agreement dated 12th February 1952 between the Company and Niagara Finance Company Limited relating to the subscription by the Company of an additional 2,500 shares of the capital stock of Niagara Finance Company Limited.
17. An underwriting agreement dated February 14, 1952, between the Company and Greenshields & Co Inc and Wood, Gundy & Company Limited with respect to the issue of 75,000 5% Cumulative Convertible Preferred shares of the par value of \$40 each.

Copies of the foregoing contracts may be inspected at the executive offices of the Company, Sun Life Building, Dominion Square, Montreal, during ordinary business hours while primary distribution to the public of the Securities hereby offered is taking place.

(U) The By-laws of the Company provide that the remuneration of the Directors of the Company shall from time to time be determined by resolution of the Directors of the Company.

(U) None of the present Directors had or have any interest in any property acquired by the Company within the two years preceding the date hereof or at present proposed to be acquired by the Company.

(V) No amount of the consideration received for the issue of the shares without nominal of par value of the capital stock of the Company has been set aside as distributable surplus.

(W) As stated above, the Company has been carrying on business since the year 1925.

(X) The Company has no knowledge of any persons who may by reason of beneficial ownership of Securities of the Company or by reason of any agreement in writing are in a position to or are entitled to elect or cause to be elected a majority of the Directors of the Company.

(Y) No Securities of the Company are, to the knowledge of the Company, held in escrow.

(Z) Particulars of dividends paid during the five (5) years preceding the date of the Prospectus are as follows:—

- 5% CUMULATIVE PREFERRED SHARES \$100 PAR VALUE from September 1946 to date, 5% per annum quarterly.
- 4¼% CUMULATIVE PREFERRED SHARES \$100 PAR VALUE from June 1947 (this stock having only been issued in March 1947) to date, 4¼% per annum quarterly.
- 5% CUMULATIVE CONVERTIBLE PREFERRED SHARES \$25 PAR VALUE from September 1949 (this stock having only been issued in August 1949) until redeemed, 5% per annum quarterly.
- 5% CUMULATIVE CONVERTIBLE PREFERRED SHARES \$32 PAR VALUE from March 1950 (this stock having only been issued in January 1950) to date, 5% per annum quarterly.

COMMON SHARES NO PAR VALUE		
1946.....	\$.50	per share
1947.....	1.75	per share
1948.....	1.25	per share (on present stock following a two for one split)
1949.....	1.62½	per share
1950.....	3.00	per share
1951.....	3.00	per share

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of Securities referred to above as required by Section 39 of The Securities Act, (Ontario), and there is no further material information applicable other than in the financial statements or reports where required.

DIRECTORS

R. D. BELL

J. P. A. SMYTH

ARTHUR A. SCHMON
By: G. E. WEMP
his agent

J. W. McCOLL

G. E. WEMP

ARTHUR J. MORRIS
By: G. E. WEMP
his agent

J. H. RANAHAN

WILFRID GAGNON
By: G. E. WEMP
his agent

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of Securities offered as above required by Section 39 of The Securities Act, (Ontario), and there is no further material information applicable other than the financial statements or reports where required. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITERS

GREENSHIELDS & CO INC

WOOD, GUNDY & COMPANY LIMITED

by: PETER KILBURN

by: J. N. COLE

Montreal, P.Q., February 18, 1952.

The following list includes the names of all persons having an interest either directly or indirectly to the extent of not less than 10% in the Capital Stock of Greenshields & Co Inc and Wood, Gundy & Company Limited.

Greenshields & Co Inc: Russell D. Bell, R. O. Johnson and Peter Kilburn.

Wood, Gundy & Company Limited: Estate of J. H. Gundy, C. L. Gundy, H. W. Lofft,
W. N. McIlwraith, W. P. Scott and A. H. Williamson.

